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**UNIVERSITY OF NOTTINGHAM**

**FROM ETHICS TO EXPERTISE IN SOCIALLY RESPONSIBLE INVESTMENT**

**BY**

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**MA IN CORPORATE SOCIAL RESPONSIBILITY**

**FROM ETHICS TO EXPERTISE IN SOCIALLY RESPONSIBLE INVESTMENT**

**By**

**Catalina Secreteanu**

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A Dissertation presented in consideration for the MA in Corporate Social  
Responsibility

## **ABSTRACT**

This dissertation aims to analyze how an organization engaged in the Socially Responsible Investment Industry created and developed its ethical identity. I have adopted an ethnographic approach in order to collect and understand the organizational narratives and to explore the relationship between the ethical identity of the organization and the concepts of identity, culture and image. The project exemplifies how people in the organization made sense of the company's identity and culture. I illustrate that the organization has multiple and competing narratives, many people in the organization experiencing a fragmented organizational culture, and a lack of meaning in their everyday job. The re-branding of the company from the Ethical Investment Services to Experts in Responsible Investment Solutions possibly triggers a form of organizational change, re-positioning the organization in the SRI industry. The dissertation argues that organizations engaged in developing business environments should pursue internal organizational change, and ensure congruence between organizational identity, culture and image. The project concludes by stating that the ethical legacy of the company should be maintained and integrated within the changing organizational structures.

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**-CHAPTER 1-**  
**INTRODUCTION**



## **CHAPTER 1: INTRODUCTION**

### **1.1 Aims and Approach**

The aim of this dissertation is to examine the manner in which the Ethical Investment Research Service (EIRIS) has created and developed its ethical identity. In the case study presented in this project “the company is no longer an organizational system but an arrangement of various level of operation. Therefore, the company is not a sociological concept but a social reality which must be deconstructed by analysis” (Epstein 1987:371). EIRIS is a polyphonic storytelling organization (Boje 1991) thus one of the challenges encountered when analyzing the organizational narrative was to separate and refine the company’s storylines in an “attempt to deal with the complexities inherent in representing even one aspect of a polyphonic storytelling organization” (Brown and Humphreys, 2008:407). An ethnographic approach was used in the research endeavour, permitting “access to people’s social meanings and activities and involve close association and familiarity with the social setting” (Brewer in Cassell and Symon 2005: 313). Ethnography has enabled me to assume the “participant observer” position, observing the participants in their natural setting, reflect on my role as a researcher and facilitated the interview taking process. As an observer I attempted to establish a parallel between my feelings and those of the people observed (Silverman 1997); using introspection to reveal how I managed my double role within the organization: intern and researcher. While conducting this research study rather than experiencing mere participatory involvement, I have immersed myself fully in the group, at times becoming “native” (Adler and Adler 1987). My research project attempts to analyze how the organization created its ethical identity, and looks at the manner in which it has developed in the organization. Moreover, by engaging in the interviewing process and other data collection methods I look at how the ethical identity of the organization relates to its culture and image. Ultimately analysing how “multiple

identities play out in the context of one symbol in one organizational setting” (Pratt and Rafaeli in Hatch and Schultz 2004:277), in the case of EIRIS the common symbol is ethics. This research project aims to address the complex relationship between identity and ethics and how the interaction between the two influences the organizational culture and image. The Ethical Investment Research Service is a small organization with a unique history, and an ethical ethos, which was at the base of its creation 25 years ago. EIRIS’s ethical foundation springs from a Christian based morality being created by a group of churches and religious organization. The company set out to research British companies business practices, pioneering the Socially Responsible Investment industry, and growing in a continuously developing area. At the time of the research the Ethical Investment Research Service initiated its re-branding to Experts in Responsible Investment Solutions, which raised an interesting perspective for analyzing the manner in which the company’s identity, culture and image have developed in relation to its ethical core. Thus, the dissertation project addressed the question: how does an organization create and develop its ethical identity?

## **1.2 Structure of the Dissertation**

The dissertation is broken down in 6 chapters. Chapter 2 provides a literature review on concepts such as organizational identity, culture and image, business ethics and corporate social responsibility with a particular focus on the socially responsible investment industry. The literature review analyzes the relationship between the concepts of identity, culture and image, their relationship to ethics and corporate social responsibility. Chapter 3 addresses the methodology used for this research project, sets the stage for the ethnographic endeavour, presents the challenges encountered in terms of organizational access, and interviewing and presents how the data is analysed. Adopting an ethnographic approach I contend “while no knowledge is certain, there are phenomena that exist independent of us as researchers and knowledge claims about them can be judged reasonably accurately in

terms of their likely truth” (Brewer in Cassell and Symon 1995:320). Next, Chapter 4 presents the multiple narratives within EIRIS, identifying the main themes and what are the internal issues experienced by organizational members in terms of a fragmented organizational culture, latent ethical identity and incongruence between the official management rhetoric and the experiences of its employees. This chapter aims to tell the story of different organizational members, as stories have the capacity to express “the uniquely human experience of the connectedness of life” (Hatch and Wisniewski 1995:7). Presented as a case study this chapter aims to “capture the emergent and changing properties of life in organizations” (Hartley in Cassell and Symon 1995:324). Chapter 5 analyzes the main themes emerging from the case study in the context of the organizational literature and ethics. Finally, the last chapter presents the findings of the study and looks into future research prospects. In this dissertation project I documented the complex relationship between ethics on one hand and identity, culture and image on the other, embarking on a challenging attempt of analysing EIRIS’s organizational setting. I follow chronologically the creation and the development of the company’s identity up to its current transformation from ethics to expertise in socially responsible investment by looking at the forms of “organization expression” (Hatch and Schultz 2009) the company engages.

**CHAPTER 2**  
**LITERATURE REVIEW**

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction:**

The objective of the dissertation is to analyze how an organization constructs and maintains its ethical identity, by looking at a particular case study and the manner in which the concepts of ethics, organization culture and organization identity interact. The approach assumed by the dissertation is phenomenological, acknowledging “every man’s work, whether it be literature, music or pictures or anything else, is always a portrait of himself” (Butler 1926). Along the same lines, the main instrument for data collection is reflexive ethnography, and as “effective ethnographic improvisation needs the prior absorption of considerable knowledge and conventions” (Berliner 1994 in Humphreys, Brown and Hatch 2003:14) this chapter aims to explain the defining concepts utilised in the dissertation project. The section introduces the main theoretical frameworks that underpin the new research project and discusses the main concepts that are subject to an in depth analysis throughout the following chapters. In order to explore how an organization constructs and maintains its ethical identity this chapter will analyse first of all the role, which ethics play in an organization and the ethical perspectives that different organizations can hold. Secondly, I will be reviewing specifically the literature on business ethics and CSR and the manner in which organizations’ ethics are expressed when taking responsibility on the environmental, social and governance spectrum. Furthermore, I will be looking at the literature on identity and organizational culture, discussing the main theories around identity formation.

## 2.2 Ethics in Organizations

Concepts such as “ethics”, “morality”, and “corporate responsibility” are abundantly used in the business ethics literature in order to explain some of an organization’s decision-making processes. Asking myself “what are an organization’s business ethics?” I realized that this question does not have a straightforward answer given the range of different ethical theories as well as the different type of organizations. Looking first of all at the concept of ethics, it is defined as representing “an attempt to systematize and rationalize morality, typically into generalized normative rules that supposedly offer a solution to situations of moral uncertainty” (Crane and Matten 2007:8). Morality on the other hand is seen as being concerned with “the norms, values and beliefs embedded in social processes which define right and wrong for an individual or a community” (Crane and Matten 2007:8); “for moral philosophy is nothing else but the science of what is good and evil in the conversation and society of mankind”(Hobbes 1651: 98). Given the enlarged role that corporations play in the world today being held responsible for social rights, enabling civil rights as well as political rights (Scherer, Palazzo and Baumann 2006), the ethical behaviour of organizations becomes of the highest importance. The organizations’ “solely profit orientation fails to recognize that legal privileges in society carry with them the moral obligations of citizenship” (Murray 1997:190), thus organizations have started to assume “the citizenship metaphor” (Moon, Crane and Matten 2005) and debate the responsibility that derives from this contention. For understanding the role that ethics play within an organization, I believe it is important to acknowledge the fact that an organization can’t be reduced to just its members and their ethics, but takes on a moral agency of its own (Gibson 2007:50).

The approach to the formal organization of business ethics management opens up a wide variety of possibilities, given the multitude of ethical theories. “Organizations can and should proactively develop an ethical organizational culture” (Trevino and Nelson 2007:256),

nevertheless apart from the debate on the most suitable approach to organizational ethics other views put forward suggest that “the attempts to create ethical cultures tend to reward conformity rather than the very autonomy that is crucial for a sense of morality to exist” (Peter Dahler-Larsen (1994) in Crane and Matten 2007:204). Looking at the traditional ethical theories, I will be introducing two of these theories that are interpreted as being absolutist because they introduce a principle that can be applied to any given situation. One of the most renowned theories about universal principles of right and wrong is the Kantian one; which stresses on the principle that the decision of right and wrong action is not dependent on a particular decision, or on the consequences of an action. According to Kant the right or wrong action derives from a set of principles called the “categorical imperative” that can be applied to every ethically debatable situation. The categorical imperative contains an element of consistency, as an action can only be right if everyone follows the same principle, of human dignity and respect as people should not be treated as a means for achieving an alternative goal, and an element of universality as the categorical imperative can be followed by everyone. The Kantian ethical theory can be applied by organizations in developing a stakeholder approach to their way of managing responsibility. This means treating employees, communities, and suppliers not as a means for managing reputation but with goal and priorities of their own (Crane and Matten 2008, Beauchamp and Bowie 1997). The utilitarian ethical theory or applying the “greatest happiness principle” stresses on the decision-maker focusing on the consequences of an action and weighting the positive and the negative possible outcome and finally taking the decision which results in the greatest amount of good for all the people involved. Utilitarianism is a very chameleonic theory as it can be used to justify both ethical as well as unethical actions. The utilitarian perspective can be used for example in supporting the instrumental approach to corporate social responsibility, which implies that assuming environmental and social responsibility can primarily bring higher profits and penetrate the markets for ethical consumers (Bhattacharya

and Sen 2004:10). Highly relevant for this particular review of theories of ethics within organizations is as well Aristotle's virtue theory that highlights the importance of developing character as opposed to discovering the right action in any particular case (Gibson 2007:44). Aristotle's theory in the *Nichomachean Ethics* stresses the individuals' purpose in life, which is to achieve *eudaimonia*, translated as "human flourishing". Thus society, communities, companies should create an environment which is conducive to individuals developing their virtues so they can flourish and lead a happy and rewarding life (Gibson 2007:47). The *Nichomachean ethics* addresses another relevant concept for this paper and that is responsibility. For Aristotle a person's free and voluntary actions are the ones for which he/she is responsible for, thus "moral responsibility requires a combination of deliberation and choice" (Rhodes and Pullen in Clegg and Cooper 2009:343). "We deliberate about what is in our power" (Aristotle 2000:42), thus the object of moral scrutiny is the exercise of power (Rhodes and Pullen in Clegg and Cooper 2009). Post modernists approach to ethics highlights a sort of relative morality, encouraging individuals "to question everyday practices and rules and to listen and follow their emotions, inner convictions about what they think is right and wrong in particular situations" (Crane and Matten 2007:115). The post modern perspective on ethics does not provide clear rules and principles as the theories previously reviewed, suggesting that a foolproof universal and non debatable ethical code will never be found. This theory highlights a holistic approach, which means that "morality is an inner conviction of individual actors" (Crane and Matten 2007:116), they make no separation between the ethical principles that leads a person in its private from its professional life. Given than no one situation is the same and that different actors (of different age, gender, education) different power relations as well as different cultural and emotional contexts might lead to different reasoning process, it would be difficult to always apply the same set of principles (Crane and Matten 2007, Gibson 2007). Norms are generated within a cultural context, which means that the meaning of the word good or bad within a society shows it is



in agreement to a certain accepted practice (Gibson 2007:113). Upholding personal values, which are regarded as “the moral principles or accepted standards of a person” (Crane and Matten 2007, Beauchamp and Bowie 1997) have been argued to be influential in the type of decisions individuals make in organizations, and thus possibly guiding the ethical, or non-ethical behaviour of an organization. However, there is “a great deal of disagreement among researchers over whether values can be relied upon to predict behaviour or whether the environmental influences have a greater impact (Meglino and Rovlin 1998 in Crane and Matten 2007:144). Nevertheless organizations have a crucial role in pre-determining the behaviour of their employees through the environment they create, and the values which are imposed or fostered;” Institutions by the very fact of their existence control human conduct by setting up predefined patterns of conduct, which channel it in one direction as against the many other directions that would theoretically be possible” (Berger and Luckman, 1967:72).

### **2.3 Managing Business Ethics**

“An overview of the first 1,500 articles in the Journal of Business Ethics showed that the most researched topic was ethical sensitivity in the decision making process”(Verkerk, Leede and Nijhof 2001:355), which is a very relevant example on the focus placed on the business ethics management. Despite the variety of ethical theories, organizations generally do not solely or completely integrate one of the theories previously mentioned in this chapter in their company’s code of ethics. The most common approach to managing business ethics over the years has been through value statements and code of conducts (Crane and Matten 2007:145). Highly relevant for the manner in which the value statements and code of conducts are elaborated is the language in which moral issues are couched (Crane and Matten 2007:153). Using moral language, with positive connotation such as integrity or honesty versus words with negative connotation such as cheating or stealing “are attached

to cognitive categories that have moral content” (Trevino and Nelson 2007:123). Apart from the two main instruments in managing business ethics within an organization: value statements and code of conducts, there are other variables of utmost importance for an organization’s ethics: personal values or ethics of the organization’s director as well as the organizational culture. Organizational leaders have an essential role in shaping the ethical decisions of their employees. According to Gini (1997:325) “all leadership is moral leadership...all leadership claims a particular point of view or philosophical package of ideas it wishes to advocate and advance. All forms of leadership try to establish the guidelines, set the tone and control the manners and morals of constituency of which they are a part”. “The moral tone of an organization is set by top management” (Carroll and Bucholtz 2007:233), as top management through its capacity to set a personal example provides a visible role model. Trevino et al. (2000) suggest that there are two important pillars for constructing this type of ethical leadership concept within an organization; these are for the leader to be perceived as a moral person and to develop a reputation for ethical leadership. An ethical leadership entails encouraging employees to participate in the decision-making process of the company and “to make reasoned responsible evaluations” (Carroll & Bucholtz 2007), as well as to focus the organization’s attention on ethics and values (Crane and Matten 2007). Together with the role played by the organizational leader, the organizational culture is highly relevant for the ethical conducive environment within an organization; organizational culture and ethical decision-making are seen as deeply interrelated (Sinclair 1993, Starkey 1998). Clearly a powerful influence on ethical decision-making is the group norms, which delineate acceptable standards of behaviour within the work community (Crane and Matten 2008). Organizational culture is a concept that will receive additional focus in the second sub-chapter, which focuses on organizational identity. However, organizational culture plays an important role in the current discussion on managing business ethics within an organization because it has been identified as a key issue in shaping ethical decision-making.

(Crane and Matten 2007:153). Employees become accustomed and socialize in particular ways of seeing, and interpreting things around them, which shapes the kind of decisions they make when confronted with decisions of ethical consideration (Crane and Matten 2007). In its turn organizational culture is shaped by codes of ethics/conduct or value statements. The management of ethics in an organization represents “an attempt to formally or informally manage potentially ethical dilemmas in which employees can find themselves in a particular moment within the business environment” (Crane and Matten 2007:170). The decisions taken in these circumstances directly reflect on the values and ethics nurtured by the organization. The codes of ethics represent voluntary statements that commit organizations to certain beliefs, values and actions, seeking to identify and encourage ethical behaviour at the level of individual organizations. Codes of conduct have become an increasingly popular tool that companies use to meet corporate sustainability goals. Codes of conduct are an instrument for self-regulation in “governing corporate attitude and behaviours”, and can be used to “further societal objectives” (Moon et al 2007). However codes of conduct are not without its critics. One of the criticisms to code of conduct is that of Schwartz (2000) that upholds a postmodernist perspective on ethics and suggests that code of conduct suppress individual moral instincts and emotions with the ultimate goal of insuring bureaucratic conformity. Another potential limitation of codes of conduct was articulated by Bondy, Matten and Moon 2008, who suggested that codes themselves cannot change a corporation’s behaviour. The success or failure of a code is dependent on the corporation’s motivation and available resource to implement the commitments outlined in the code. Code of conduct can attain their goal only if the culture of the organization is oriented towards sustainability and the code of conduct is one of the instruments used by the organization to achieve it (Sims and Brinkmann 2003). The formal ethics programmes have several approaches varying in accordance to an organization’s commitment to ethical principles, or the extent to which the management wishes to frame

company's internal business codes in a moral language (Bird and Waters 1989). An organization's approach to ethics is highlighted in the value statement, code of conducts, and other internal management systems. Thus one of the basic orientations is the compliance orientation through which an organization's main focus is on preventing and detecting violations of the law. Along the same lines an organization can adopt a protectionist approach, through which it focuses on protecting management from blame for ethical problems or legal violations. Secondly, an organization can adopt a value-based approach, through which an organization defines its values and expects its employees to attain the ethical aspirations defined by the organization (Carroll and Bucholtz 1997). In this approach the individual self-governance plays an essential role (Paine 1994). Another approach is externally oriented, which means that the organization focuses less on the values important for itself per se, but is oriented on the values and ethics important for its stakeholders (Crane and Matten 2007).

#### **2.4 Corporate Social Responsibility as a Form of Managing Business Ethics**

Corporate Social Responsibility (CSR) is an expression of the manner in which business ethics are managed internally and externally by an organization, through codes of conducts and ethical programs (Verkerk, Leede and Nijhof 2001); ethical responsibility being one of the obligations that business has to society (Lozano 1997). The relationship between discourses on CSR and business ethics is not always clear and the two concepts are confused quite often (Lonzano 1997), however there is indeed a valuable relationship between the two. CSR makes possible an ethical discourse about organizations that incorporates an ethical dimension; „one cannot talk freely about CSR without rethinking an ethical understanding of the corporation, one of whose fundamental dimensions must be social responsibility” (Lozano 1997:67). An additional ambiguity exists between ethics and corporate culture,

however the underlying message that needs to be retained in regards to these two concepts is that „without corporate culture there can be no business ethics; business ethics must be constituted as an ethics of responsibility, an ethics that will generate a set of conventional morals” (Lozano 1997:121). One of the tasks of management is to deal with the various stakeholder groups in an ethical fashion and as well to “reconcile the conflicts of interest that occur between the organization and the stakeholder groups” (Carroll and Bucholtz, 2007:23). The stakeholder management theory, one of the most influential CSR theories (Gariga and Mele in Crane et al.2008) highlights the importance of developing organizational processes and implementing strategies with the company’s most important traditional and non-traditional stakeholders (Freeman in Crane et al.2008: 127). Another important viewpoint is that the common good of society has become the referential value for corporate social responsibility (Gariga and Mele in Crane & Matten 2008:89), which places high value on the concept. CSR actions are those ‘that appear to further some social good, beyond the interests of the firm and that which is required by law” (McWilliams and Siegel, 2000: 117), which offers the concept a broad spectrum for action and encompasses the business versus society interactions. Carroll’s (2007:30) definition of CSR is that “the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time”. This expressed responsibility of organizations both internally and externally is an acknowledgement of their normative ethical duties. As the individual becomes exposed to a socialization process, he comes to assume predominant values such as (possibly): conformity to principles and practice, respect for the authority structure and even commitment to the organization (Carroll and Bucholtz 2007). Lozano (1997:68) suggests that “reconstructing CSR from an ethical standpoint should also lead us to raise the question as to which processes of learning, organizational and personal development the organization favours and how they are systematically processed”. Corporate responsibility stands for both considerations of

organization's behaviour, where the code of conducts and value statement should come into place and as well for the effects of its goods and services, which is usually assumed through a CSR strategy. Another relevant concept for the research project this chapter introduces is socially responsible investment (SRI). Socially responsible investment seeks to integrate non-financial concerns such as ethical, social, environmental or corporate governance criteria into the investment practice (Sandberg et al. 2009, Lydenberg and Sinclair 2009). The phenomenon of socially responsible investment stands for the integration of business ethics practices in the broader business community. SRI is a product of social regulation, manifesting itself under the form of soft rules coming from investment groups both individual and institutional that reward ethical business practices by investing in companies that implement environmental policies, or establish a transparent corporate governance practice. On the other hand they screen out from their investment portfolio companies that do business in "sinful" industries (such as alcohol, tobacco or pornography) or that have limited or doubtful ethical practices. The two main instruments of socially responsible investment is positive screening, which asks investors to make judgement calls as to what constitutes a good practice and select their own ethical criteria with the intention of possibly improving the corporate performance of certain companies or industries. The second instrument is the negative screening, which excludes from investment options companies that do business in particular industries (Carroll and Bucholtz 2007). The SRI industry has traditionally championed an explicit ethical agenda, such as anti-slavery campaigns in the 1970's and divestment boycotts against South African's apartheid regime (Richardson 2009). On the other hand the increasing responsibility of investors may not be completely based on the ethical virtuosity and may be grounded on the profit argument. Nevertheless, as CSR, the SRI practice is voluntary and the pressure for "enlightened behaviour" does not always overcome the fiduciary responsibilities (Richardson 2009). The case study introduced in the subsequent chapter focuses on the ethical identity of an organization that activates within

the socially responsible investment industry, being among the pioneer institutions within this industry and promoting standards for the SRI industry as well as standards for companies' CSR reporting.

## **2.5 Organizational culture**

*“There is no objective world that can be perfectly described, the social world is contextually bounded and socially invented”<sup>1</sup>*

It is quite a brave attempt to embark in reviewing the definitions and literature for organizational culture and identity, as both concepts receive extensive attention from the organizational studies academics given their complexity. According to Gregory (1983:359) “the literature concerned with organizational culture often says more about the culture of the researchers than the researched”, which is a possible explanation for the variety of definitions of organizational culture. On the other hand the multidimensions of the meanings associated to culture, as well as the limited capacity of language to signify its meaning, makes it difficult to convey its core within a single phrase (Alvesson 1993). In order to understand what organizational culture is, it's important to understand its origins. According to Schein (2004:225) “culture basically springs from three sources: the beliefs, values and assumptions of founders of organizations, the learning experiences of group members as their organization evolves and new beliefs, values and assumptions brought in by new members and leaders”. The belief that “organizations have cultural properties, that they breed meanings, values, beliefs, that they nurture myths and stories and are festooned with rituals and ceremonies” (Alaire and Firsirotu 1984) is an important contention in management studies. Brown's (1998: 10) definition of organizational culture states that

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<sup>1</sup> Wittgenstein in D.Gioia 1998:18

“organizational culture refers to the pattern of beliefs, values, learned ways of coping with experience that have developed during the course of an organization’s history which tend to be manifested in its material arrangements and in the behaviours of its members”, supporting this view Alvesson (1993) sees the beliefs and principles as giving each organization its distinctive character. The culture of an organization “implies the rituals, climate, values and behaviours tied together into a coherent whole” (Schein 2004:15), on the other hand the substance of an organization’s culture resides in its ideologies, which stand for a set of beliefs, value, and norms, which people use to justify their actions to themselves and others (Alvesson 1993). Thus organizational culture like other cultures develops as groups of people struggle to make sense of and cope with their worlds (Trice et al., 2004, Schein 2004:15). Organizational culture is seen as being formed by spontaneous interaction in an unstructured group, gradually leading to patterns and norms of behaviour that become the culture of that group (Schein 2004). Schein (2004) in his book *Organizational Culture* believes that there are several levels of an organizational culture such as: the artefacts (which represent the visible organizational processes), espoused beliefs and values (which represent the organization’s strategies, values and beliefs), and the underlying assumptions (which represent the values and beliefs embedded most deeply in the organizational culture). The most important sources of organizational culture are considered to be the societal or national culture, where the organization is physically situated, the management style and personality of an organization’s founder or dominant leader, the type of business together with the business environment (Brown 1997). According to Schein (2004: 242-245) “organizations begin to create cultures through the actions of founders who operate as strong leaders” and “get their message across through charisma-that mysterious ability to capture the subordinates’ attention and to communicate major assumptions and values in a vivid and clear manner”. Robbins (1998) sees as well the founder of the organization as the ultimate source of an organization’s culture; especially



when discussing about newly formed organizations that are unconstrained by past events, or ideologies, hence founders have the opportunity of imposing their vision on organizational members, having a major impact on the culture that arises. An important question to raise when studying organizational culture is whether the culture is homogenous or heterogeneous as well as if culture is composed of subcultures where do they emerge and what triggers them to emerge (Sackman 1992). Organisational subcultures are defined as a subgroup within an organization that share a set of problems and make decisions on the basis of collective understandings unique to the group (Van Maanen and Barley 1984). According to Brown (1997) the main distinction between a culture and a sub-culture resides in the fact that a culture represents a unitary whole whereas a sub-culture stands for multiple minor cultures that coexist in the same organization. The division between the dominant culture within an organization and other subcultures, or even between sub-cultures themselves can be generated by the difference in beliefs and values, which may be competing. Lozano (1997:108) suggests “in a company with several subcultures the risk is that the plethora of competing values of subcultures allow deviant groups to flourish, leaving management unable to find a common basis on which to proceed and an anarchic or paralyzed organizations”. Alternatively the distinction between cultures can be constructed according to the hierarchical position within the organization or particular age groups. Trice and Beyer (1993) have defined four social conditions that foster the growth of subcultures, such as the differential interaction, shared experience, similar personal characteristics and cohesion. The differential interaction illustrates the social condition where the interaction between individuals within an organization is differentiated, which means that variables such as organization’s size, structure or other formal and informal written rules within the organization favour the interaction process among particular individuals. Shared experience works as well as a condition for promoting the growth of subcultures, as individuals that share the same working pattern (for example work in the same team) develop a similar

approach to identifying solutions, work towards the same goal (achieving a team target).

One of the most common social conditions that determine the formation of subcultures is represented by similar personal characteristics, as people that share similar characteristics such as age, education or ethnicity and share the same social space are prone to form a subculture. Along the same lines as personal characteristics, the element of cohesion between the individuals that join the company in the same time, or join the same graduate programme are more inclined to establish a closer relationship. New comers within an organization censure their roles and status in order to first of all understand the organization and act within it, as well as learn the general role, expectations and behavioural norms they have to follow (Ashforth and Mael 1989). The manner in which the dominant culture interacts with the subcultures within the organization as well as the manner in which subcultures interact per se, when there is no single dominant culture has received as well considerable academic attention. Martin and Siehl (1983) suggest that there are three types of subcultures, defined in accordance to the manner in which they interact with the dominant culture. Within the *enhancing subculture* the individuals that form it follow the underlying beliefs and assumptions of the dominant culture intensely, and have a strong commitment towards the organization. The *orthogonal subculture* commits to the core values and beliefs of the organization; while in the same time upholds an alternative culture, non-conflicting with the dominant culture. The third type represents a *counterculture*, when the subculture challenges and conflicts with the values of the dominant culture. The existence of multiple subcultures within an organization suggests the lack of a dominant culture, and the possible emergence of conflicting and polarised camps. Within this framework the role of identity and individual identification within an organization plays a very important role for understanding how different voices within an organization emerge. According to Boje (1991:100) “organizations exists to tell their collective stories, to live out

their collective stories, to be in constant struggle over getting the stories of insiders and outsiders' straight".

## **2.6 Organizational identity: a Question, a Construct or a Metaphor?**

In order to attempt to understand the essence of an organizational identity, the concept of the organization itself needs to be defined, as it represents the playground in which identity emerges. Thus "organizations are socially constructed by participants" (Berger and Luckman 1966), "through networks of conversations" (Ford and Ford 1995), they emerge and influence the dominant discursive practices (Brown and Coupland 2005). According to Kornberger & Brown (2007:499) "organizations are in fact complexes of social meaning, unstable and shifting in which understandings emerge, are deferred and disputed".

Albert and Whetten (1985) characterize organizational identity as a self-reflective question. In this view organizational identity represents what is considered by organizational members to be central to the organization, what makes the organization distinctive from other organizations together with what is perceived by members to be an enduring feature or continuing feature of the organization (Gioia 2007). Other views put forward define it "as the key concept that provided an organization with a viable framework for understanding and action" (Dutton and Dukerich in Gioia 1997). Some authors see identity as a relational construct formed in interaction with others (Hatch and Schultz 2002). Brown (2007) defines organizational identity as "the theory that members of an organization have about who they are, an internalized structure that defines what an organization stands for and what it wants to become". Hatch and Schultz (2002) put forward a more complex definition of organizational identity that encompasses as well the concept of organizational culture as the two are seen as being fundamentally intertwined. They see organization identity as dynamic, and developed not only in relation to what other organizational members say, but also in

relation to whom they perceive they are (Hatch and Schultz 2002). They explain identity formation by referring to Mead's definition of identity as a social process, a dynamic between the "I" and the "me". The "I" is seen as the response of the organization to the attitude of others, and the "me" results when organizational members assume the images that the organizational others (external stakeholders) form of the organization. The organizational "I" is seen to represent in the theory elaborated by Hatch and Schulz the organizational culture, as it contains the organizational assumptions, beliefs and values. The third important concept is image, which represents the external definition of the organizational self, "an organized sets of attitudes of others which the organization assumes"(Dutton et al.1994). Dutton et al (1991) suggest that images that members hold of their organization is usually unique and distinctive to each member, thus a person's belief may not always match the collective organizational identity. There are several perspectives on organizational identity; in accordance to the role identity is seen to play within an organization, and the understanding of the concept in relation to the other constructs of an organization. Brown (2008) defines four different perspectives of organizational identity: functionalist, interpretive, psychodynamic and postmodern. The functionalist perspective sees the concept of identity as helping the sense-making experiences of the individual and the manner in which identity affects action (Pratt in Whetten and Godfrey 2007). Under this perspective identity is treated as a variable to be manipulated to better manage an organization (Gioia 2007), organizational members through social interaction, build a shared understanding of who their organization is (Elstak 2008). The interpretive perspective sees identity as a social construction that results from the efforts of organizational members to understand their collective selves and "collectively construct an understanding of who we are" (Pratt in Whetten and Godfrey 2007). Along the same lines this angle sees identity as a socially and symbolically constructed notion "indented to lend meaning to experience"(Gioia 2007). Furthermore the psychodynamic perspective represents "the totality of repetitive

patterns of individual behaviour that when taken together comprise of the unacknowledged meaning of organizational life” (Brown 2008:180). This perspective assumes that identity is a dynamic and unstable concept. Brown and Humphreys illustrate the postmodern perspective on organizational identity and define it as “an unstable social construct constituted through acts of language” (Brown and Humphreys 2002:231), “identity should be regarded as a dynamic, negotiated and reflexive-narrative in progress” (Humphreys and Brown 2002:942). In close connection to the concept of identity is that of the image of an organization. An organization’s identity describes what its members believe to be its character, whereas an organization’s image refers to the features that members outside the organization use to distinguish it (Dutton and Dukerich 1991, Marquis 1977). Thus identity no longer holds a distinct and persistent core of its own but becomes a reflection of the images of the present moment (Gioia, Schultz and Corley 2000). According to Dutton and Dukerich (1991) individual self-concepts and personal identities are constructed, more specifically formed and changed partially by how they believe others view the organization for which they work. Closely linked to the organizational identity is the organizational identification of the individuals which is the degree to which an individual defines himself/herself by the same attributes he/she believes define the organization (Dutton et al 1994). Organizational identification reveals greatly about the relationship between an organization and its members. According to Dutton et al (1994) study there is a direct and positive relation between the positive external image of an organization and the level of organizational identification. As the attractiveness of an organization’s constructed external image increases the organizational identification of its members becomes stronger. Relevant in studying the manner in which an organization constructs its ethical identity is understanding the narrative identity of an organization. As apart from the manner, in which an organization officially manages its business ethics, as previously discussed in this chapter, is the manner in which the ethical values are portrayed within the narratives and discourse of the people within an

organization. Organization identities “are constituted by the identity-relevant narratives that their participants author in their efforts to understand the social entities with which they identify (Kornenberger and Brown 2007:500). Through narration, language “affects what we see and structures our thoughts facilitating and constraining understanding in organizations” (Gergen and Thatchenkery 1996: 230). According to Brown and Humphreys (2002) the identity narratives of organizations are likely to be multiple, fractured, and contested; elites can be expected of attempting to impose their views of the organizational identity. Kornenberger and Brown (2007) in their study of ethics as a discursive resource within the formation and maintenance of an organizational ethical identity conclude that “ethics can be embedded and enacted in everyday acts of organizing and language and can be analysed as a discursive resource that organizational members utilize to make sense” (Kornenberger and Brown 2007:5002)

## **2.7 Conclusion**

This chapter has aimed to introduce the main theoretical underpinnings that are expressed in the case study, presented in the following chapters. The core of this project is the concept of ethical identity that conveys multiple dynamic relations of power while in the same time maintaining a highly volatile social constructivist feature (Cristensen and Akergaard 1999). Organizations have identities that influence how individuals interpret issues as well as how they behave towards them (Dutton and Dukerich 1991). Thus, the manner in which ethical values are embedded within an organizational identity, specifically in the characteristics that are seen as distinctive and central to the organization is a highly complex task; one which the following chapters wish to de-construct by analysing a practical example.

**CHAPTER 3**  
**METHODOLOGY**

## **CHAPTER 3 -METHODOLOY**

### **3.1. Methodology**

The case study for examining how ethical organizational identity is created and maintained took place at the Ethical Investment Research Service (EIRIS). The research project was conducted between June and September 2009, using an ethnographic approach, with the objective to provide an “insightful description” (Hammersley, 1992:15). EIRIS was chosen as the case study due to the fact that I had spent 3 months in the organization working as an intern; and the identity and profile of the organization seemed to be extremely interesting. This chapter will introduce the research methodology; followed by the methods for data collection and data analysis method. A distinctive section of this chapter is dedicated to reflexivity, as while conducting the research project I was in search for discovering both the organization’s identity as well as my researcher identity, ethnography implying a constant “self-reflection and self-awareness” on the side of the researcher both when performing the research and also in terms of interpreting and understanding (Thorpe and Holt 2008).

### **3.2 Research Context**

The Ethical Investment Research Service Ltd (EIRIS Ltd) was created in 1984 and was first established as a collaborative research venture by a group of churches and charities that needed information to put their own principles into investment practices. They saw the benefit of sharing the necessary costs involved and they wanted other investors to have the opportunity to give greater weight to ethical considerations. The EIRIS foundation was firstly set up as a charity in 1983, followed by the Ethical Investment Research Service Ltd, a subsidiary company of the EIRIS Foundation, undertaking most of the research for clients and providing commercial services. EIRIS Ltd is now the longest established ethical research provider in the Socially Responsible Investment Industry; with more than 75% of UK SRI



retail funds and more than 70 institutions, funds and other investing organizations using EIRIS's research service. (According to the EIRIS history, published on [www.eiris.org.uk](http://www.eiris.org.uk)).

In the last 10 years EIRIS has expanded internationally, opening a research office in the United States, a sales office in France, and having research partners in France, Spain Australia and Korea. Currently EIRIS Ltd carries out independent research covering 40 different areas such as: environmental performance, human rights, corporate governance, environmental social and governance reporting. EIRIS researches about 2800 companies in UK, Europe, USA and Asia Pacific, including all the companies on the FTSE All World Developed Index ([www.eiris.org.uk](http://www.eiris.org.uk)). Additionally, the organization helps investors to select investment according to their own ethical criteria and has developed a wide range of tools that look at particular company policies' and practices such as measuring the environmental impact or monitoring company infringements in terms of environment, social and governance areas. However, given the wide range of research criteria, that the organization is covering they provide as well personalized research expertise. Furthermore, they work with other bodies to promote and publicise the concept of ethical or socially responsible investment and regularly publish research papers that draw attention on particular issues such as: indigenous rights, reporting in emerging countries, climate change tracker, or corporate ethics. EIRIS experienced starting with the year 2000 an important growth, their number of employees had doubled from 30 to approximately 60, and in recent years opened two other offices in USA and France; possibly looking to increase their international expansion in the future years. The organization was divided between three main teams: the Client Team, that includes both sales focused positions as well as client relationship positions, the Market Development Team that included the PR and Press Officer, Head of Responsible Investment and a couple of other positions, usually on a temporary basis, working on specific projects. The largest team within the organization was represented by the Research Team, which consisted of approximately 35 people, to which 3-5 interns were

added throughout the year. The Research department at EIRIS is split into four teams, each covering a different industry: Industrials, Consumer, Resources and Financial; and within each team the researchers cover corporate governance, environmental and social behaviour issues. Usually each researcher had a certain area of specialty, and approved and coordinated all the research conducted in that area. Of particular interest within the Research team was the Japanese team, which was initially a team per se, but following a re-organization of the department each Japanese researcher was included within one of the other teams, and dealt with general research for the companies and areas covered by EIRIS, as well as for Japanese companies. The hierarchy at EIRIS within the Research Team is as follows: research analysts, which usually were recent graduates, being graded on a scale from 1-4 given their previous work experience and seniority within the company, team leaders, two assistant Head of Research (that acted as well as team leaders for the teams within the Research Department), and the Head of Research. Somewhat separate and on a temporary basis within the company was the Johannesburg Stock Exchange Research Team (JSE Team), that was contracted on an annual basis for a 6 months period, doing specific research for the SRI Index of the JSE and following a distinctive set of research criteria and approach for this project, adapted to the South African business environment and challenges. The Client team was composed of approximately 8 members, 7 of them were specifically sales focused (plus one support person), each managing a particular client category from asset managers to charities and religious organizations, adding as well a somewhat regional division, individuals that covered North American, Korean or Nordic clients. The main decision-maker in the company was the Executive Director of EIRIS, which is as well the founder of the organization; the director is accountable to the EIRIS council of management which has nine members coming from a variety of organizations such as Carbon Disclosure Project, Oxfam Pension Fund, as well as churches and religious charities like the Methodist Church, United Reformed Church or the Christian Ethical Investment

Group. One of the elements, which will be explored in the next chapters, is the Christian ethics of EIRIS, which has been maintained since its creation, and as I will argue represents the ethical foundation of the organization. In terms of the manner in which each department conducted their activity, and the main responsibilities of their positions, the research team devoted between 50-70% of their time to core research, depending on the team they belonged to and the seniority within the company. Core research meant keeping track of the Environmental, Social and Governance (ESG) performance and development of the companies that EIRIS had in its portfolio, other types of research implied dealing specifically with research queries for particular clients, and/or were involved in different projects such as writing research papers in specific areas, covered the specific research needed for the SRI products of the company such as the Human Rights Watch. However, the core research time allocation for each individual varied by team, some team leaders focusing particularly on meeting the core research targets, but varied as well in accordance to seniority of researchers as those that had been with the company for longer dealt with more complex tasks. The Client team was mostly focused on bringing in new clients, nurturing the existent client base as well as developing in collaboration with the research team specific research analysis, personalized in accordance to the investor's focus or interest. One of the most highlighted aspects within EIRIS, when it came to the activity of both teams, which I will deal with in more detail in the subsequent chapters, was EIRIS's independence and research focus. The company did not provide consultancy of any kind, the research was developed from a neutral stance, and the client team worked solely to understand the clients needs in terms of ethical investment and select the best criteria for achieving the ethical dimension of their investment without any actual investment advice. The market development team, apart from engaging in the traditional functions such as marketing, press management, and public relations activities, developed several projects that were directly commissioned by the EIRIS foundation. Among these projects the team developed a website for ethical

personal investment ([www.ethicalmoney.org](http://www.ethicalmoney.org)), a charity project offering information, advice and support to charities interested in ethical investment, publication of papers and others. The IT Team played an important role within EIRIS as well, due to the fact that EIRIS provided most of its research to clients through the EIRIS Portfolio Manager (at the time of this project, its name had just been changed from Ethical Portfolio Manager). The Personnel and Office Management Team, although a small team had a high number of responsibilities around financial management, training, recruitment and other administrative functions. One of the things that I noticed soon after the start of my internship was the division between the client team and the research team, which flagged the existence of two different subcultures, with different identities. As will be discussed in the chapter dedicated to the EIRIS case study, within the Research team there seemed to be even a more fragmented culture due to the existence of the JSE team and the Japanese team, which although not completely separated from the rest of the research department, expressed certain unique identity features, that made them stand out on the Research floor. EIRIS is an extremely interesting organization, given its history, the profile of its activity, the unique position it has as a market leader in SRI research, together with the duality created by the EIRIS Foundation and EIRIS Ltd. EIRIS Ltd and EIRIS Foundation, although two distinct entities have a clear value transfer, which I believe represents the ethical foundation of the EIRIS Ltd. However, what the future sections will explore is how this ethical identity has been embedded within the organizational identity and how it is perpetuated within the organization, given its increase in size and international expansion.

### **3.3 Qualitative Research and Ethnography**

For this project, I have conducted qualitative research, “adopting an ethnographic approach to fieldwork, data collection and data analysis “(Brown and Humphreys 2003:126).Denzin and Lincoln (2005) in Flick (2007:2) define qualitative research “as a set of interpretive

material practices that make the world visible, these practices turn the world into a series of representations (field notes, interviews, conversations), qualitative research studies things in their natural settings attempting to make sense of or interpret phenomena in terms of the meanings people bring to them". The core of the qualitative research definition, which I consider of importance when justifying the use of qualitative research in organizations is that this type of research " is an extension of the tools and potentials of social research for understanding the world and producing knowledge about it" (Flick 2007:7).

One of the methods of qualitative research employed in this project was ethnography. Ethnography has its origins in anthropology and has been developed as a means to study the culture of social groups and societies; with its key task of developing an interpretation and understanding of culture (Thorpe and Holt 2008). Ethnography is considered to be " a cyclical process that provides researchers with a way to examine organizational culture from the inside out" (Schartzman 1993:72). Rosen (1991) suggests that the ethnographic interpretation of observations and experiences, are recorded consciously and unconsciously letting it settle against a range of meaning structures within the ethnographer's imagination. As people develop "a sense of commonly shared reality through interaction including face to face dialogue, interviews, commentaries and the formal expression of ideas in speech, conversations and writings" (Thorpe and Holt 2008: 94) in the next section I present the instruments through which I have completed the data collection process for this research.

"Ethnography might be an interpretation (rather than the truth) but it is an interpretation that derives from methodological rigour" (Humphreys et al 2007:10), thus the following sections are dedicated to detailing the methodology employed.

### **3.4 Data Collection**

The fieldwork was performed during June and September 2009, while I was working as an intern within the Research department of EIRIS. I spent an average of 8 hours per day on a

daily basis from Monday to Friday, while being primarily engaged with my intern responsibilities. Data for this project was collected through semi-structured interviews with EIRIS employees as well as first hand experience as an intern; the focus being on “participants perceptions and experiences and the way they make sense of their lives” (Creswell 2009: 195) in the working environment. As an intern my identity was shaped both by the responsibility towards my own research project, as well as by the tasks given to me by different research teams. I was guided by the fact that “one can study the nature of things by doing something to them, but one can really learn something about the essential nature of living beings only by doing something with them or for them” (Erik Erikson 1964:229 in Aderfer and Smith 1982:37). Initially, I was not granted access to the organization for research as the senior management feared possible reputation damage that the results of my study could produce, and they feared that I would not be able to meet my primary intern responsibilities, if I were to focus solely on the dissertation research. However, after several meetings with the HR manager and one with the Executive Director, in which I explained my motivations and goal for conducting this research, I was granted access for research in the organization, provided we signed a confidentiality agreement, which makes the content of this dissertation project confidential. According to Hammersley and Atkinson (1983:78) in Silverman (2001:57), “whether or not people have knowledge of social research, they are often more concerned with what kind of person the researcher is than with the research itself”, which I believe represented the tipping point for myself, as I incline to believe both the HR manager and the Executive Director of the company were confident about my research intentions. As Rachel (1996:124) points out “access is not just a matter of walking through the door, it is an ever present, ongoing concern, which includes inventing yourself as an ethnographer”; ultimately I believe the management thought that the results of my dissertation could be beneficial for the organization as well, and they viewed me as a trustworthy researcher with a genuine interest in the organization. I have conducted a

number of 17 semi-structured interviews, 16 were digitally recorded, and one interviewee did not wish to be recorded, thus I have noted as much as possible from the interview. The interviews lasted on average 40 minutes, being recorded on digital support and two of them were fully transcribed verbatim on disc and hard copy (Appendix 1). I asked the interviewees what they considered distinctive and enduring about EIRIS, their commitment to the company and to the bigger picture of CSR, and their thoughts about CSR and the future of the organization; the initial list of questions designed for the interviews is available in Appendix 2. The Human Resources manager has been instrumental in selecting the interviewees and we looked at variables such as: seniority and team membership. Additionally, I expressed my interest in interviewing all of the individuals that were leaving the company in the near future as I was interested to hear the reasons for which they had decided to leave the company, and I expected to receive more straightforward and open feedback from them, given that they did not have any potential constraints.

The interviews taken were semi-structured, and used to provide “a framework around which to focus without restricting the participants’ opportunities to move to areas of interest” (Coupland 2001:1106) Although at the start of my internship within EIRIS I talked about my intention to focus on this organization as my case study, once I had received the management’s approval to go further with my project the HR manager sent an e-mail to the company’s employees informing them of my study and the management’s support in performing this research. In order for my research not to interfere with everyone’s schedule, the e-mail suggested that the interviews could be scheduled in the lunch break or after the working hours. However, I made myself available and flexible in accordance to individuals’ schedules, and the interviews were scheduled around the timetable of the interviewees, nevertheless they had to be frequently re-arranged, because of short notice meetings, illness or a high amount of workload. The interviews took place in various available spaces such as training areas, meeting rooms, the kitchen and even on the roof terrace of the organization.

EIRIS offices' are located on 2 floors of a building in South London, and if several meetings/trainings were taking place at the time when the interviews were scheduled, I resorted to improvisation, to find a suitable space. Given the unfavourable conditions I took the ethnographer role quite responsibly acknowledging that "the ethnographer must creatively and imaginatively improvise in the face of unexpected events" (Humphreys et al, 2003:14). Apart from taking the interviews, I have had numerous informal discussions with organization's employees about the topic of my dissertation, discussions that have informed the overall narrative analysis. My position as a "participant observer" (Thorpe and Holt, 2008: 151) has been important in developing rapport with the interviewees, as well as with the other subjects of my study, ultimately in order to discover accounts that were not revealed during interviews. I have studied as well some of the company's documents such as the code of conduct, the stakeholder report, the annual review, the website, press releases and different CSR studies, issued by the company, that analysed several research areas, identifying new trends in CSR and SRI as well as problematic areas that required additional attention from corporations. I attempted to keep a weekly journal of the events that occurred at EIRIS and record all the things that caught my attention, however I did not succeed in keeping this journal on a weekly basis. Finally, I kept field notes to record cues to some informal discussion I had with my colleagues that I found relevant to my study, as well as other events and company practices that were revealed to me through participant observation. Additionally, I had the opportunity to attend a meeting of the EIRIS union, which was extremely interesting in understanding, which are the issues of EIRIS's employees, what is their stance in regards to management proposal as well as the manner in which decision was taken.



### 3.5 Data Analysis

*“The world is full of obvious things which nobody by any chance will ever see”*

*Sherlock Holmes*<sup>2</sup>

An important step following the data collection process is undertaking “a process of interpretation and analysis, with the aim to reveal the underlying structures by which behaviour or ways of communication with each others are perceived, produced and interpreted by members of the social group” (Thorpe and Holt, 2008:91).

An inductive grounded theory approach was used to analyse my primary data, the methodology was to listen and re-listen the interviews taken and discover the emerging themes and concepts together with the relationships between them (Glasser and Strauss 1967). Via repetitive listening I attempted to identify and explore the main concepts from the interviews, categories emerging from the “actual terms used by participants” (Saunders et al, 2003:381). As all the interviews were listened to twice in order to become “thoroughly familiar with the data before commencing any kind of analysis” (Brown and Humphreys 2003:128); this has helped me to obtain a general sense of the information, the main ideas that participants were putting forward, their tone and what is the overall impression and feeling I got after listening to the interviews. My identification of the relevant categories was as well informed by my participant observation within the organization that helped me to put the narratives from the interviews into perspective and apprehend their meaning. As in the case study conducted by Brown and Humphreys at the Alpha college, my analysis was enriched “by an empathetic identification and interaction” (Brown and Humphreys 2003:128) with the participants. The naturally occurring conversations that took place between myself and my colleagues (acknowledging my intern position), that occurred independently of my intervention as a researcher (Silverman 2001) led in a truly natural

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<sup>2</sup> Sherlock Holmes was quoted in Van Maanen 1979

manner to an ethnographic account of my case. In this respect Humphreys et al (2003:129) suggests that “much ethnographic work is accomplished through conversations with the participants in the research setting”. Seeking the significant themes and categories has assisted the immersion and crystallization of data. I have applied a content analysis technique on both the written and audio documents in order to identify the main values and concepts that the organization used to describe itself, looking at the “frequency of occurrence” (Saunders in Thorpe and Holt 2008:58)

Data analysis was an ongoing process that involved continual reflection about the data, asking analytical questions (Creswell 2009), and reflecting on the discussions during interviews or the informal chats with my colleagues.

### **3.6 Reflexivity**

Reflexivity “entails the researcher being aware of his effect on the process and outcomes of the research based on the premise that knowledge cannot be separated from the knower” (Steedman 1991)” (Holt and Thorpe 2008:183). Ambert et al. 1995 advise that the reflexivity processes implies that the researcher thinks actively of the research process, and how he relates to the subjects, which is considered to be a strength for evaluating qualitative work. In performing this study I have engaged in an introspective reflexivity, which “involves a high degree of self-consciousness on the part of the researcher, especially in terms of how this identity affects the design and process of his work” (Thorpe and Holt, 2008: 184). Rosen (1991:2) suggests that “the written ethnography is as much a product of the time and context in which it was written as of any purported truth of interpretation”. As an intern at EIRIS I had as well my own daily experiences and understandings of the organizational culture and the ethics of the organization. The first challenge was in finding my identity as a researcher, and a way of presenting my research topic in a genuine manner, without it being considered a threat by my interviewees, as a tool of reporting to senior management their

grievances. In this regards, I think positioning myself as an intern, passionate about corporate social responsibility has given me a clear and trustworthy stance to initiate and organize my interviews. Due to the fact that it took almost a month to receive approval for taking the interviews, I had an important time constraint for taking the interviews, and although I would have been able to interview more than 17 people, due to the time constraint I couldn't take more interviews. However, what I found intriguing is the high number of people that asked me if I was still taking interviews, and expressing their interests in being interviewed, especially because of my topic, considering they have an important input in painting the correct image of the organization's ethical identity. Secondly, EIRIS is an organization, which at the time of writing up this research project I saw as a potential employer, and I would have ideally liked for the results of this research to be positive. On the other hand, as will be discussed further in the chapter dedicated to the case study, certain company practices that lacked transparency, such as organizing a recruitment process for a position that was finally awarded internally, without organizing an actual selection, lay a shadow of doubt over the company's ethics, which has made me re-consider both my intention to join the company as a permanent employee as well as my real chances of actually attending a future selection process. Being new to the organization I felt I discovered a lot of the internal rituals and practices that were taken for granted by members that have been within the organization for longer, however lacking a history within the company I had to quickly discover some of the most important landmarks that shaped the organizational culture as well as understanding certain points of reference in the history of the organization; the latter proved to be quite challenging, and was revealed step by step within the interviews. According to Van Maanen (1979:542) " when dealing with directly observable behaviour, it is sometimes quite difficult for an observer to grasp its contextual meaning to those whose behaviour is described" as "the nuances of their multiple realities" (Creswell 2009:195) makes it challenging to appreciate. Which meant that I had to

understand the history of the organization in order to understand certain behavioural patterns, and the reasons behind these behaviours. Another element, which influenced my research and my understanding of the organizational identity of EIRIS is my own identity shaped by my previous work experience for an American company, and my Romanian nationality. According to Foucault “we are imprisoned by our knowledge and made free by our ignorance” (Burrell 2002:232), which in my case meant that my own knowledge, and understanding of organizational culture shaped my interpretation of EIRIS. Working at EIRIS, has been my first encounter with the working environment of a British company, and thus the challenge was double, both for me in understanding the British working patterns in order to integrate as an intern, and in understanding what shapes the organizational identity of the organization from the stance of the researcher. “Since we can perceive nothing except through the knowledge in which perception is embedded, because the knowledge structure through which reality is interpreted is socially constructed” (Ashley (1985:498) in Rosen 1991:2). Given my dual identity within the organization both as a researcher and as an intern I was able to penetrate into areas of meaning that were not available for an outsider, however “as the researcher needs to be able to be an insider at one moment and an outsider at another as the researcher explores the significance of the events in which he or she has participated” (Thorpe and Holt 2008:90) I have used my reflexivity every step of the way, consciously deconstructing events and conversations I had been a part of, in order to grasp their hidden meaning. My exploration of EIRIS coincided with moving to London, and being confronted in my life outside the office with a completely new reality, which meant that at least in the beginning of my research project I was as much concerned with who I was as a determinant of how I see the community I was integrating in (Russell 2005). I perceived EIRIS as quite a paradoxical organization. On the one hand my own experience as an intern had been positive and quite beneficial in terms of my future career, as I felt I was learning quite a lot and managed to socialize and network easily with my other colleagues; both due

to my friendly nature but as well as due to the topic of my research project, which I think was quite intriguing to most of the individuals within the organization. On the other hand, the experiences of some of my other intern colleagues were quite negative, as they felt they didn't have enough contact with the EIRIS's employees, and one of them felt she had been treated quite unfairly. Secondly, EIRIS seemed to be a very liberal organization, a very open and friendly relationship between employees indifferent of their position within the organization; employees felt comfortable in expressing their views of the company's practices in a very open manner without fear of consequences. As I witnessed several discussions in the kitchen of the company in which employees manifested their apathy or discontent towards the organization's practices; this extended freedom of speech made me realize that management was aware of the employees' dissatisfaction, however the issues were not addressed. The research at EIRIS has been my first ethnographic research, one in which I was struggling to find my own voice and the suitable key for appreciating the new world I was discovering (Humphreys, Brown and Hatch 2003).

This chapter has addressed the methodology of the project; however in performing an ethnographic research "the major research instrument is the researcher (Burgess, 1984:218), being impossible to write a text that does not bear the traces of its author (Lincoln and Denzin 1988:413)" (Humphreys et al. 2003:7).

## **CHAPTER 4**

### **CASE STUDY**

## **CASE STUDY-CHAPTER 4**

### **CASE STUDY: ETHICAL INVESTMENT RESEARCH SERVICE**

#### **4.1 Aim of the Case Study**

In order to analyse the creation and development of the ethical identity of EIRIS it is necessary to discuss aspects of organizational culture and identity. This chapter is therefore constructed as a case study focusing first on the foundation of EIRIS and how its ethical core has developed. Subsequent sections of the chapter examine and discuss aspects of EIRIS as an organization such as ethics, identity, emergent subcultures and the future of the organization. Verbatim extracts from interview transcripts are used to represent the thoughts and views of current EIRIS employees; all verbatim quotations are italicised. It is important to distinguish between several terms that will be used in the following sections, EIRIS Ltd or EIRIS are terms used to refer to the non for profit organization that represents the focus of this project; the EIRIS Foundation, or the Foundation refer to the charity that has founded EIRIS. Other abbreviations used are CSR for Corporate Social Responsibility and SRI for Socially Responsible Investment.

#### **4.2 The Beginnings of the Ethical Investment Research Service**

The EIRIS Foundation was established in 1983 as a partnership between a group of churches and charities wanting to put their ethical principles into practice. The creation of the EIRIS Foundation was triggered by the continuing operation of British companies in South Africa under the Apartheid regime. Churches who invested in such companies were driven by motivation to have a positive influence on these companies' ethical behaviour. EIRIS Ltd is the Foundation's subsidiary that helps to deliver the charitable aims and to provide information services to investors ([www.eiris.org](http://www.eiris.org)).

Hence the EIRIS Foundation is a charity founded by the Joseph Rowntree Foundation, Oxfam, and the Methodist Church together with small contributions from other groups of churches like the United Reformed Church. As the Executive Director of the organization put it when discussing EIRIS's religious foundation, *"religion made people aware of the social issues that needed to be investigated, however ethical individuals would be as well concerned with these issues, without necessarily having a religious background"* (transcribed verbatim during a meeting). Given the organization's history, it could be argued that EIRIS's ethical foundation springs from the principles and values of the founding members such as: pacifism; respect for the dignity of the individual; equal treatment and stewardship of the earth and its resources. Indeed this is supported by the Head of Responsible Investment at EIRIS who suggested that *"there is an element of ethics and responsibility inside"*, and went on to say that *"the organization has a strong ethos that all people working within EIRIS share"*. The founding chief executive director of EIRIS is widely seen by employees as *"embodying the spirit of the organization"*, and several interviewees suggested that the identity of the organization is directly linked to that of the founder, a person they saw as having *"high ethical principles"*.

#### **4.3 The EIRIS Foundation and EIRIS Ltd**

One of the themes that warrants closer exploration is the relationship between the EIRIS Foundation and EIRIS Ltd. Although, from a legal stance, the relationship between the two organizations may appear clearly defined, in practice there is a blurred line between the two entities. EIRIS Ltd was created to further the charitable aims of the EIRIS Foundation, and to be an instrument for enhancing ethical investment, through providing research in a wide range of environmental, social and governance issues. The relationship between the two



entities seems to contribute to the distinctiveness of EIRIS Ltd, in that all the profits made by the company were directed to the Foundation, in order to develop its charitable aims. This is unusual, if not unique for a stakeholder in the financial industry. Another element adding to the confusing boundary between the two entities is the website: [www.eiris.org](http://www.eiris.org), which carries information on both the Foundation and EIRIS Ltd. Furthermore, a large majority of the individuals interviewed were not able to articulate clearly the differences between the identities of the two organizations, despite their awareness of their two different boards of directors. As one of the Research Analysts put it “*the charitable aims of the EIRIS foundation correspond to the market development of EIRIS*”. They went on to describe how some of the projects developed by the market development team were targeting charities, and how they supported the greater cause of SRI, and thus were reinforcing one of the charitable aims of the Foundation. One of the founding senior managers of EIRIS Ltd saw the two as interdependent in that they were “*income related*”, and that the Foundation employs people within the subsidiary, EIRIS Ltd on different projects. He argued that ultimately the Foundation provides physical and moral support to its subsidiary, and as long as it will own EIRIS Ltd the latter is bound to main its ethical identity.

#### **4.4 The Ethical Identity of EIRIS Ltd**

EIRIS's identity at its inception back in the 1980's constructed itself around an ethical approach to business sprung from a religion-based morality. Thus it set out to take a moral stance on what represents good and bad company practice and in its approach to companies involved in “sinful” industries such as entertainment or tobacco. Thus EIRIS's identity was formed from a core ethical ethos coming both from its founders and its relationship to a client base, which consisted of churches, religious groups and organizations such as the Quaker based, Friends Provident Group. Hence EIRIS Ltd's activity developed from its ethical

identity by offering research that focused primarily on ‘negative screening’. In other words, investors eliminated from their investment portfolios any companies that were involved in practices that did not match with their values and beliefs. Indeed, the name of the organization “Ethical Investment Research Service” embodies what the organizations stands for, that is: ethical research for investors that want to invest in accordance with their ethical principles. Furthermore, the research delivered by the company is facilitated by a software application called the “Ethical Portfolio Manager” (EPM) that caters to the individual investor’s ethical preferences. All EIRIS employees interviewed for this case study acknowledged the ethical foundation of the company as one of the senior members of the Client team suggested:

*“that sort of thing doesn’t just go away; this isn’t just a business, so maybe that inspires more innovation, we have an ethical focus which will keep going no matter what”.*

The Head of Responsible Investment spoke about the EIRIS ethos saying that:

*“the organization should itself be imbued with a certain set of values of fairness and equity, involving employees in the decision making, it doesn’t mean it works ideally it is a business not a cooperative but it’s owned by a foundation which means it always had this charitable status behind it “.*

Going further into deconstructing the organization’s identity a senior member of the Client Team suggested that the identity of the organization is linked to the founder:

*“ A whole of a lot of the organizational identity is dependent on Peter, I find it very difficult to see what will happen beyond Peter not being CEO anymore, I guess as long as it’s a part of the foundation it’s likely to have that sort of ethical base, will have that running through it, and it’s likely to be recruiting people who have that as a positive focus of their job”.*

Another senior member of the Client Team declared along the same lines that the executive director embodied what the organization represented *“he is very, very committed, very intelligent, very thoughtful, he has lots of integrity”.* This view was supported by another

member of the Client Team, who suggested that the executive director represented the moral consciousness of the organization:

*“He’s a moral kind of man, he’s morally conscious of the world, he definitely has this mission in terms of what he wants to achieve in the SRI world he tries to generally achieve it in his own business”.*

Peter Webster, the Executive Director of the organization although initially formally accepted to be interviewed for this research project, finally did not agree to be interviewed, despite my several attempts to set a date and time for the interview, and the gentle reminders of my manager, who supported my endeavour. The sole encounters I had with the director were during a couple of meetings designed for interns in which he discussed about the history of the company. I think his input to the project, given that he is the founder of the company would have been instrumental for understanding the formation of EIRIS’s identity, however I had to comply with the mysterious refusal to take part in the research.

It is also interesting that EIRIS’s employees seemed to come from a fairly strong ethical background themselves before joining the organization as exemplified by one of the Research Analysts who said:

*“I had already boycotted tens of companies, by not buying their products, and I knew, of course not in so much detail that they were so bad, like I do now, but doing research on companies has led me to boycott a few others”*

The majority of interviewees said that they considered EIRIS as a very good learning opportunity, and a good start for a career in CSR. This was supported by the fact that, of the individuals interviewed who were on the verge of leaving the company, all were either heading towards a different CSR career or to continue their education in fields related to sustainable development. This suggests that working for a company such as EIRIS can be inspirational, as the Head of Responsible Investment that had been with the company for 19 years, noted:

*"We're part of a movement, not just a commercial operation (...) The very fact that I can think: have I made a difference through what I've done during my work? Do others make a difference? And I think the answer is yes, it's not always identifiable, it's not on all things at all times but I think we have made a difference. You only have to see how the field of ethical responsible investment has grown over the past quarter of century, and a lot of that is down to what EIRIS has done".*

Moreover there was a strong feeling of identification between company's employees and the organization's mission, as one of the Senior Researchers confessed:

*" The underlying reason I do this stuff is because I do want to see some degree of environmental and social change, it is important that when working for an organization that has a strong ethos you share that ethos"*

#### *Uniqueness of EIRIS*

In response to the question *"what are EIRIS's distinctive features?"* the characteristics that were predominant were: the organization's ethical foundation; the independence of its research; openness and the friendly working environment, as a senior member of the Client Team said:

*"There's an openness about EIRIS, willingness to accept opinions and take them on board, and I think that goes right to the top and is very open to listening, anyone can go and knock on Peter's door and talk to him".*

The independence of research was a particularly valued characteristic of the organization, as one of the members of the senior management responded when being asked what are the features that the organization is likely to maintain throughout the years:

*" I hope its independence will be retained, it will act with integrity and fairness and there will be a sense of ethics and business ethics in its conduct, but will seek to provide objective analysis of corporate behaviour and not presume to be having all the answers to everything but be open to new ideas. I think if that core ethos and integrity is there and the business ethics side of things is there then the company can grow and still retain that".*

There were however a few dissenting voices suggesting that the organization *"is not as ethical as it could be"* as one of the senior researchers put it; the organization was designed

to be *“a social enterprise, progressive employment with an ethical ethos”*, highlighting that *“the ethical ethos is EIRIS’s entire reason for being”*.

The overall impression created by the interviews and informal discussions with the employees at EIRIS was that the organization was struggling to internally define its identity, and this is illustrated by a senior researcher who suggested that *“the organization is self-conscious about its position in rhetorical terms”* and that the organization does not show *“an ethical commitment to people”*.

#### **4.4 Ethical Practices**

EIRIS Ltd sets a very high standard of ethical practices in the corporate world; through the multiple environmental social and governance criteria it applies in its research. Furthermore, the organization has itself several policies in place such as Code of Conduct, Ethical Purchasing Policy, Independence Statement, Stakeholder Policy and other instruments for ethics management. However asking the question: “Does EIRIS practice what it preaches?” the answers varied greatly. Some of the views put forward state that *“it is very much so, EIRIS tries to marry its commitments with its behaviour”* (senior member of the Client Team) others suggested *“We hold others to very high standards, which we don’t hold ourselves”* (Research Analyst).

From the information that I gathered through my interaction with the company’s employees I understood they were not aware that the organization had a code of conduct, and others remarked that there was not a consistent implementation:

*“I was introduced to the code of conduct maybe under a year ago when we were being audited, and just prior to the audit, one of the team leaders or HR drew up a code of conduct and then it was introduced to us, but other than that no specific training was given”* (Research Analyst)

One of the other interviewee suggested:

*“I think EIRIS seeks to practice what it preaches but it is misplaced, I think there’s sometimes a tendency to have favourites” (Senior Client Executive).*

Others believed that the company had some unethical practices when it came to equal opportunities, or development within the company *“I don’t think they are particularly committed to professional or personal development”* (Research Analyst). One of the themes that came up several times when discussing about internal practices was promotion within the company, which seemed to be highly controversial. The way in which the current Head of Research had been rewarded this position, as well as how some of the new employees were recruited, represented the examples coming up most often during the interviews. The fact that the organization’s environmental policy had been only recently drawn up seemed slightly disturbing to some of the employees interviewed, as they were rigorous practitioners of recycling and of an environmentally friendly behaviour:

*“I have a massive environmental background and when I started working here I was quite surprised that they didn’t actually have anything to implement or monitor the environmental policy so it was basically a kind of a superficial policy (...) now they are taking the steps to actually have like an appropriate environmental management in place, if you can’t implement your beliefs or goals then it’s just pointless, and that’s what it was before and I had a bit of an issue with that.”* (Research Analyst)

On the other hand when it came to the organization’s external business practices, the company’s employees regarded them as being highly professional and of high standards.

*“It isn’t just the hard product that we offer (...) They were looking for some advice for free and to the extent to which we could provide them advice we did so, so then they could see we had approached it historically not just from a hard selling point of view but offer a genuine advice to the best of our abilities because we’re independent, because of our research structure, because of the ethos that we’ve got, I think we are able to do that and that is recognized by the people to which we can provide it to”* (Head of Responsible Investment)

#### *EIRIS Survey*

The organization runs on an annual basis an employee survey (the EIRIS Survey is available in Appendix 3) looking at their opinion of their daily work, their perception about EIRIS’ reputation and its effectiveness in the SRI world. Looking at the summary of the replies

provided by the HR Manager (Appendix 4) the issues identified through the company's survey came up as well during the interviews.

The summary contains comments such as *"clearly the closer a job role is to clients and the outside world, the more motivated staff feel"*, or *"a view that recurs consistently among both Research and Client Team staff is that EIRIS is seen as "a bit pedantic and old-fashioned", "a bit of a dinosaur, not adaptive enough". "EIRIS is better at preaching to the converted –than at convincing or engaging with the fence sitters"*. All these notes show that management is aware of the internal frustrations of its employees, and the manner in which they perceive the organization's identity. An additional element that the survey responses highlight is that EIRIS's members are proud to work within the organization, and recognize the organization's mission and objectives as valuable.

#### **4.5 EIRIS's Organizational Culture: The Contradictions**

In describing EIRIS's organizational culture the dominant themes were that the organization had a supportive and friendly working environment and highly flexible in reaching a life-work balance. Several employees spoke about the good practices within the organization such as flexible working hours, management consultation on issues such as annual bonus, office location and others:

*"I don't think I've worked in a place with more employees rights. It's incredibly democratic, it's just the way in which it is run, the flexibility and the trust that is given to employees is massive"* (Client Team Executive)

on the other hand this liberal practice was seen as possibly harmful:

*"EIRIS might have gone too far in the direction of giving employees powers, (...) There's sometimes a lack of professionalism in the way in which people talk about each other"* (Client Team Executive)

Paradoxically, on the other hand the interviewees voiced as well a number of issues that they faced due to the conservative organizational culture promoted by senior management that was seen as highly centralized:

*“You get the feeling from the senior management there is kind of a frustration because of lack of autonomy, they can’t make decisions. I feel like we’ve reached a point where we can’t grow any further because he (reference to the executive director) needs to put his finger on every single decision. I feel we can’t break away from some of our old ideals for which we stand for, integral to what we do, but we should be able to move.”* (Client Team Executive)

Another interviewee explained that:

*“EIRIS prides itself in its open decision-making, they attempt to keep it transparent, however I think all decisions are being made by a select few individuals and despite the attempts to keep things transparent any ideas put forward in this dialogue between management and staff are generally not considered, so there’s not much substance behind the attempts to keep things transparent”* (Research Analyst)

The centralized management theme was recurrent in several interviews, all decisions being seen as solely taken by the senior management and particularly the executive director:

*“Things are very centralized that to a certain extent there is a dependency on Peter as the brain of the organization, and that is much less the case now than when I joined, and the organization has expanded a lot and it has been necessary for other individuals to be themselves capable of making decisions, but historically it’s been partly the case that it needed to be decentralized, and it’s difficult to move forward when everything is in one place and no one else can make decisions”.* (Senior Member of the Client Team)

As was suggested by their responses, employees from the client team, as well as those that were senior in the organizations (both from the research team and the client team) thought to have a more in depth understanding of the manner in which senior management made decisions, and then as suggested by their responses there was a frustration that they were not able to take more responsibilities on board and felt that the organization was not developing fast enough:

*“EIRIS takes centuries to do anything, but we’re definitely moving in the right direction”* (Client Executive)



When discussing about the working environment, one emerging feature was employee frustration and lack of motivation in their every day job as one interviewee explained:

*“There’s a lack of motivation and the biggest drawback to improving the quality of work within the research team is the lack of motivation and a lack of really support or encouragement from higher levels management, I think that we’re expected to improve our output in terms of quantity as well as quality, however, the necessary support or learning opportunities that are needed are not there”*(Research Analyst)

#### *Forward thinking VS Conservative*

The organization is seen to be forward thinking in the SRI world, given the multitude of research instruments it provides its clients for taking ethical investment decisions, as was explained during an interview:

*“With regards to the actual product and services that we put out, in that sense I think that we are quite forward thinking I think there are some individuals that are quite innovative and really spearhead some good projects, however in regards to the running of the business I would say that it is an organization that is not open to change.”* (Research Analyst)

Another view put forward by one of the senior members of the Research Team suggested that:

*“I used to think of EIRIS as conservative, but that’s because we wish to maintain our independence, it’s needed, some clients prefer that”.*

One of the possible explanations for the conservative approach and the caution that was seen as characterizing the company’s activity was caused by the fact that senior management wanted to ensure that *“we somehow don’t annoy our core clients, we’re overly concerned about that”* (Client Executive).

#### **4.7 Organizational subcultures**

Through my participant observation one element that was easily noticeable was the emergence of organizational subcultures; employees being able to share values more within

the sub-culture they were a part of rather than with the organization as a whole, as it was difficult to pin down a particular dominant culture. The most visible distinction was between the client team and the research team that were situated on two different floors, and through the nature of their activity had very little interaction with each other. This division was visible through the manner in which the two teams referred to one another as “the people downstairs” (the client team) and the “people upstairs” (the research team) and the little social interaction they had with each other despite the small size of the organization. Throughout my interviews, this division was acknowledged and the respondents had several explanations for this division from being caused by a different set of values, the people within the two teams shared, or they themselves having different personality types that were incompatible. Other possible justifications for this degree of separation were thought to be the nature of their activity per se that did not encourage cooperation on a daily basis and even a purposeful division supported by the management.

*“The division is created by the physical nature of the building, there has to be this degree of separation, but it is quite difficult to know who’s researching what; often on both side of things, on our side in terms of understanding the research process, in terms of a selling point to clients and also I think it would be quite beneficial for researchers to know exactly how their research is used, I think there are a lot of researchers that don’t even know what EPM is, so I think it’s kind of divided, but I think I’d be lying if I said that didn’t come from management”* (Client Executive)

When discussing the separation between the two teams one of the other views put forward, coming from the Research team suggested that the people within the client team are *“individualistic and self-important, research work is not seen as important”* and that *“the organization promotes an acute division of labour”*.

Discussing about the reduced interaction between the client team and the research team, one of the interviewees replied that:

*“It’s always felt like that, the way that we do (regards to the client teams) by its nature involves talking and a lot of people that work in the client team want to talk to people, spend their time socially, the research team is the opposite so partly it’s that”* (Senior Client Executive)

Along the same lines one of the senior Research Analysts said that she misses the interaction with the client team.

*“Our jobs are quite different, hardly any overlap and the only reason to interact with each other is when the client team has a certain question about the research. I think this issue has been brought a lot over the years, every year at the away day is brought up and although I think good ideas are always suggested, they are rarely taken forward”. (Research Analyst)*

Extremely interesting was the position of the Japanese researchers within the Research Team that were formally spread across several teams, however they preferred the creation of a Japanese team per se, as the EIRIS 2009 Survey shows:

*“Some staff said they feel themselves part of more than one team, and Japan researchers in particular identify strongly with each other because of their common work focus in spite of being spread across sector teams. There is a feeling among Japan researchers that this should be reflected by establishing a specific Japan team.” (Fragment from the 2009 EIRIS Survey-Appendix 3)*

On the Research floor the Japanese researchers desks’ were positioned one next to the other, they discussed solely in Japanese among themselves and they were a lively presence in the department, quite distinct from the other researchers that were very quiet, and rarely engaged in any type of conversation with each other. Another unique presence on the Research floor was the Johannesburg Stock Exchange Team, whose physical position on the floor was slightly isolated from the rest of the researchers, and proved to be a lively team, engaging in discussions with each other while working, I could often hear them laughing –which was a rare thing on the Research floor. As will be dealt in greater detail in the next chapter the emergence of possibly several subcultures within the Research Analyst team was a result of little interaction between the groups that could ultimately lead to common patterns and norms of behaviour that become the culture of that group (Schein 2004). The physical separation in the Research department, made the new team develop its own patterns of behaviour, subversive to the behaviour of the rest of the department.

The senior management was aware mainly of the frustrations experienced by the Research Team and the Client Team, acknowledging the tensions that arose between the two:

*“There’s some tension there, with members of the client team sometimes feeling that the researchers are not responsive enough, with the research team feeling that the client team places high demands on them, and we’re trying to do something about it. We need research to be able to respond just like that, because if we can’t satisfy the clients we’re dead, so the client team is anxious for the research to be more client responsive and the research are quite interested to have more client contact.” (HR Manager)*

Interviewing and discussing with members of both teams I understood that the lack of communication, mainly determined the division between the two teams, however there was as well an expressed frustration on the side of the research team of not interacting with the clients of the company, which was the main responsibility of the client team. As one of the members of the research team put it:

*“ I think the researchers would like to accompany the client team when they go to sell EIRIS products or if they are holding a workshop or something like that, but we’re hardly ever invited”*

the lack for implementing the ideas that would potentially improve the communication is associated with the lack of a designated person that can deal with this responsibility *“there is nobody with responsibility to follow it up and nobody to implement some kind of working system”* (Research Analyst).

However as suggested by the HR manager there were fears on the client side that the researchers will not know how to deal with meeting clients:

*“ there is a worry on the client side, that they take a researcher with them and the researcher may say something wrong and mess things up for the client”.*

The approach to tackle this issue was to train researchers on networking skills and the way in which they can interact with clients, so that they become “client savvy”.

*The EIRIS Union*

Another element that I felt shaped the distinctive identities of the two subcultures was the EIRIS Union; that was founded in the early stage of the organization, supported by the executive director and seen as an instrument through which management can consult with the employees. However, the EIRIS Union was an organization dominated by the members of the research team, 70% of the union's membership was formed by researchers, and the rest were members of the client team and IT Team. Discussing with one of the members of the EIRIS Union about the reasons for this membership split, the justification I received was that the members of the client team tended to be more individualistic and offered higher wages than the researchers, thus their interest for entering Union negotiations were slim. Attending one of the meetings of the EIRIS Union, given that one of its representatives was leaving the company, the discussion revolved around electing a new representative and the members present expressed their views that the new representative should be elected from the client team, so that the Union could escape this image of being controlled by the research team. Interviewing EIRIS employees about the UNION the responses were quite mix:

*"The Union is a healthy body but I think they kind of slightly need to be to the employees benefit and sometimes they are self servant to the people in the union and sometimes view senior management with a bit of too much cynicism, especially Peter runs it in the best interest of us, and I think a lot of people here sometimes are a bit too...I think they are given so much power as opposed to many others large kind of corporate, especially our competitors and I think a lot of people don't realize how lucky they are and they are a bit too harsh sometimes"* (Client Executive)

On the other hand, others saw the Union as a way of negotiating with management, and a way of putting their views forward in an organized and consistent manner; the creation of the body being supported by the executive director. However, it was suggested that the Union's feedback was not taken on board:

*"I've sat in there and tried to put the point across to the board, and explain why people were upset for one thing or another and basically being told <Oh it's so*

*good that EIRIS has a UNION, it's so nice to hear your opinion > being so patronized it's just upsetting"* (Senior Client Executive)

#### **4.7 Organizational Image**

Exploring what is the image that the organization portrayed about itself, there was largely a consensus in regards to how its image was constructed. However, some of the employees that had been with the company for a longer time, were able to observe the manner in which the image of the company developed:

*"It has this image less these days than it did, of being a bit old school, stuck in its ways, not really very smart and clean, you know all the things that people in the city might want to see, or expecting their own organizations to be. We're not seen as being sharp"* (Senior Client Executive)

The common features that came up in describing the image of the organizations was its independence, given that it was owned by a foundation, professionalism in delivering research and client support, together with its 25 years long history in providing research for ethical investment, which makes EIRIS a longstanding stakeholder in the SRI industry. As was explained during one interview:

*"Professionalism, depth and detail of research which is beyond what other people are able to provide. We set ourselves quite tough standards and I think we do well in what we do"* (Senior Client Executive).

#### **4.7 Looking to the future**

EIRIS had grown tremendously in the last 5 years, as their number of employees had almost doubled, expanded internationally through opening offices in Europe and the States and set up a number of research partnerships around the world, currently *"working on a world stage"*. Thus the organization started to assume an international role in the Socially Responsible Investment industry

*"If we are going to be global we have to have a global footprint, we have to be closer to certain markets to service them appropriately", attempting to "move to areas where we are not necessarily very well known for, cover the broad range*

*of ESG (Environmental, Social and Governance) issues for a broad range of companies, probably expand the number of companies that we cover, looking to go into emerging countries, we want to develop our position as a thought leader so we will continue to publish research papers that highlight segments of our research demonstrate why we are good at what we do”.*

As was recognized by members of the senior management *“EIRIS does have international ambitions, to be a player in the SRI marketplace, to influence public policy and opinion making”*. However, looking at how the organization is likely to change in the future the interviewees were reluctant to see any internal organizational change *“there’s an absence of the will to change”* (Senior Research Analyst) others believed that: *“change is likely to occur, but as long as there is no real change in the senior management there will be no real organizational change”* (Research Analyst).

Despite this perspective on internal organizational change, the company was going through a re-branding from “Ethical Investment Research Service” to “Experts in Responsible Investment”, and the “Ethical Portfolio Manager” through which the organization delivered its research was renamed as “EIRIS Portfolio Manager”

*“The re-branding places EIRIS in the market where mainstream investors can come to us for services in the same way that historically churches and charities have come”* (Head of Responsible Investment)

What I find extremely intriguing in this re-branding process is that the change of the word “ethical” that was included within the name of the organization, as well as in the services they provided, to “responsible”, places the company in proximity to clients that identified themselves more with the concept of responsibility rather than “ethics”. Hence the company signalled its distance from its traditional clients that were looking for ethical investment such as churches and charities to a broader range of investors that were in pursuit of responsible investment.

This chapter has discussed the sources of the organization’s ethical identity that sprung from its history, founder and employees; presenting how the latter make sense of their

organizational identity. There is a noticeable conflict between the image that the organization projects externally and the identity perceived internally by its employees, theme which will be analyzed in the next chapter by looking at the theoretical concepts underpinning image and identity. On the other hand the tensions between the two main subcultures of the organization represent an identity related conflict, related to the manner in which each of them defines itself against the company's mission and values. Addressing the company's identity this chapter contextualizes the re-branding process within EIRIS, which is a sign of a possible internal shift of values from ethics to responsibility. The next chapter attempts to disentangle the organizational web of EIRIS by looking at the manner in which the main concepts of ethics, identity and culture are constructed within a comparative perspective with other organizational studies.



**CHAPTER 5**  
**DISCUSSION**

## **CHAPTER 5-DISCUSSION**

### **5.1 EIRIS's main narratives**

In this chapter I have sought to reconstruct the creation of EIRIS Ltd's ethical identity and analyze the role of the founder, history and employees' input for the maintenance and finally the possible transformation of the organization. There are three main issues the company faces, which are the lack of a dominant organizational culture, a struggle to maintain its ethical identity, which employees see more as a legacy belonging to the organization's history than a current reality and finally the company's organizational change from placing the concept of ethics as its core to the concept of expertise. In the next sections of this chapter, I will be firstly looking at the organization's culture and identity and examine the pillars of their creation within EIRIS, particular attention will be granted to the leader of the organization, "that plays a decisive role in getting people to identify with the organizations values" (Lozano 1997:67). Furthermore, I am examining the current organizational change undergone by EIRIS from its ethically oriented image to socially responsible expertise, which puts in a nutshell the manner in which the organization's identity has developed. Ultimately, I aim to analyse the dominant themes presented in the previous chapter, exploring the "shared sense-making narratives" (Brown and Humphreys, 2003:134) within EIRIS, in the following sections: Culture, Identity and Image, Organizational culture and ethics: an ambiguous relationship and Ethics Versus Expertise in Socially Responsible Investment.

## 5.2 Culture, Identity and Image

The challenges that EIRIS faced gravitate around the interaction between the concepts of culture, identity and image and their relationship to the ethical core of the organization, which switched from being “the self” of the organization to “an external definition of the self” (Hatch and Schultz 2001). As Schein (1988) explained culture can be described as “a model of basic assumptions –invented, discovered, or developed by a particular group determined to gradually learn how to confront its problems of external adaptation and internal integration-that have been influential enough to be considered taught to new members as the correct way of perceiving, thinking about and experiencing these problems” (in Lozano 1997:105). Confronted with internal change caused by an increase in the number of employees, international expansion, the development of new services, and overall the new responsibilities that came with the important role that the company plays in the SRI industry, EIRIS faced the challenge of developing its organizational culture to accommodate these changes. Although the organization had an overall “esprit de corps” it seemed to lack a genuine organizational culture that could be passed on to the new members. At EIRIS the overall impression was that the prevailing culture is one of seriousness, as the employees gave the impression that they are working hard; the office was very quiet, the researchers rarely taking their eyes out of the computer. Their “performance” (Goffman 1959) was influential for the new employees or new interns that adopted the same behaviour in order to integrate in the office. The open plan office architecture meant that everyone is always on view and therefore “front stage”, as Goffman (1959:45) suggests “when the individual presents himself before others his performance will tend to incorporate and exemplify the officially accredited values of the society”, in this case the accepted values of the organization, as the HR Manager explained “*It’s important that everybody who works here has a belief in what EIRIS does, because that’s part of the motivation*”. Thus the organizational “I” (Hatch and Schultz 2002) was very much work focused, thorough and

conscious in performing daily activities, and with a very strong ethical orientation. The employees interviewed were aware of the ethical legacy of the organization and of its history, and throughout the interviews and informal discussions there was a clear person-organisation fit, individuals sharing the same value as their organizations. However, contrary to the organisational literature that suggests that higher person-organization fit (O'Reilly et al. 1991) leads to greater satisfaction and intentions to remain, at EIRIS employees turnover was high, despite of a strong value identification between company and employees, due to few promotion and personal development opportunities. The management justified the high turnover as being caused primarily by the fact that for most of the company's employees deciding to leave, this was their first job, and thus were in search of new learning opportunities.

### **5.3 EIRIS's Organizational Identity**

Organizational identity is socially constructed and negotiated with internal and external stakeholders, both seeking consistency in organizational identity. When it comes to the organizational internal stakeholders, the employees, they require consistency in the organizational identity because of the psychological need to make sense of their organization (Brickson 2005). However, it felt almost as if the organization was in search of a new stable identity. Over the past five years the number of employees had doubled, the company was continuously hiring new people and recruiting interns, the only stable group being the Senior Management Team (SMT) team and a couple of other team leaders, that had strong shared assumptions about how the organization can grow and the directions in which it is heading, without communicating its mission in practical terms to the rest of the employees. Although the organization had a 25 years history due to the fact that the socially responsible investment industry was in a continuous development the company had to

permanently extend its research criteria, take on board new approaches to industry and company analysis and ultimately this meant hiring new people, expanding in other countries and setting up international research partners. In support of creating the organization's ethical identity the business environment played an essential role, as EIRIS placed itself in opposition to unethical business practices and as a symbol of positive reinforcement of business practices. Despite of the fact that the company has grown there was not a dominant official organizational culture that was infused top down to the organizational members, but was preserved solely within the senior management hub. During the interviews when discussing about the directions in which the organization is going, numerous interviewees were unable to articulate a precise direction "*the mission at EIRIS is less pronounced*", which is a sign of a poor internal communication, this was noticeable especially in the Research Team. EIRIS proved to be a "polyphonic storytelling organization" (Humphreys and Brown 2008:407) as different people in the organization in accordance to their seniority and the team they belonged to had a different take on business ethics within the organization. Junior employees and the senior management of the organization showed an expressed enthusiasm for the ethical identity of the company and its practices, whereas senior and middle ranking employees were sceptical about the existence of a genuine ethical identity. As organizational identity emerges from the ongoing interactions between organisational members and senior management influence (Hatch and Schultz 2001), there was an acute lack of effective communication as to what is the strategic mission of the company, and making people feel a part of that mission. Moreover as explained by the employees, the company experienced a genuine communication hub as decision-making was seen to be highly centralized in the hands of the current executive director, who is as well the founder of the company. According to organizational studies, centralization within a company determines employee alienation from those who make the decisions that affect their work lives, and a very slow decision-making process (Robbins 2005:216).

#### 5.4 Internal identity tensions

Schein (2004:227) suggests that: “founders not only have a high level of self-confidence and determination, but they typically have strong assumptions about the nature of human nature and relationships. They will therefore be quite comfortable in imposing those views on their partners and employees”. Highly prominent in the research department, and identified by one of the researchers interviewed as being a feature of the organizational culture was the dominant feeling of frustration due to the lack of personal and professional development opportunities, and a lack of meaning in their day to day work. Very well educated, with master degrees from prestigious universities such as London School of Economics, University College of London or Nottingham University, the members of the research team had a strong knowledge and understanding of the CSR phenomenon, however they felt that the work environment provided by EIRIS was not challenging enough given their expertise:

*“No much room for promotion within the organization, the work can get quite repetitive so I think maybe there’s quite a short timeframe in which people realize I’m not actually learning any new skills, so people move on quite quickly”*  
(Junior Research Analyst)

On the other hand the senior management was aware of the fact that the Research Analysts were too well educated for the activities they had to perform; as the HR Manager acknowledged as well during the interview:

*“Even though we appreciate when people apply when they have master degrees, when we advertise our jobs for researchers we only ask for the first degree because you don’t really need a masters degree to do the kind of research that EIRIS does, the work they do is useful but you don’t need a masters to be able to do it”*

Additionally, although the organization established itself as a pioneer in delivering high quality research in the SRI industry, and built this reputation on the expertise and knowledge

of its researchers, internally there was a dominant feeling that it was not rewarding employees and there was not a lot of importance being given to their work as among the researchers interviewed, several of them declared that “research work is not seen as important.” As explained by Starkey et al. (2004:399) people in knowledge intensive companies such as EIRIS “are vulnerable to frustrations contingent upon ambiguity of performance and confirmation, their self-esteem cannot be taken for granted”. On the other hand the Client Team that was less numerous than the Research Team gained all the visibility outside the organization, engaged with the company’s clients, partners and ultimately delivered the analysis put together by the researchers, which felt they were somehow isolated from the final outcome of their work, as one of the Senior Research Analysts explained during an interview: *“I do climate change and we have climate change products, but I don’t really know to be honest how to use them from the client perspective”*. This expressed tension between the two teams is caused by an identity struggle by the two competing views that each of them holds about their role within the organization, researchers seeing their work as instrumental to the organization itself, while on the other hand the Client Team considered their input as essential. Looking at the different type of subcultures within an organization, in the case of EIRIS the subcultures were *orthogonal* (Martin and Siehl 1983), which meant that although they identified with the dominant culture, they upheld as well an additional subculture. The social identities of the two teams were very clearly defined, their sense of belonging to the Research or the Client team, created a strong delineation between the social groups they were members of (Pratt and Rafaeli in Hatch and Schultz 2004).

## 5.5 What is EIRIS's image?

According to the organizational literature there is a strong connection between, organizational image, reputation and organizational identity. As organizational image represents the external definition of the organizational self (Dutton et al.1994) the organization was struggling to move away from its “old school” image and from seen to be solely oriented on doing business with charities and religious organizations to attract mainstream investors looking to engage in responsible investment. Changing the image and reputation to external stakeholders can have as well a positive impact to the organizational members, as external images represent powerful mirrors reflecting back to the employees (Dutton et al 1994, Bamber and Iyer).However, according to Gioia et al (2000:67) image can often “act as a destabilizing force on identity requiring members to revisit and reconstruct their organizations sense of self”. As organizational identity is formed in relation to culture and image (Hatch and Schultz 2001), the change in image that EIRIS attempts to project might have an impact on long lasting features of the organization, that are considered to link the present organization to the past (Albert and Whitten 1985). Changing the name from the Ethical Investment Research Service to Experts in Responsible Investment Solutions, specifically to re-position the organization in the market place, as the Head of Responsible Investment explained, has the role of creating a feeling of “belonging among them” (Hatch and Schultz 2009), among the investors of the SRI market, as well as its other stakeholders, that are looking for a perceived image of “expertise”. The next section aims to analyze the extent to which ethics at EIRIS is embedded within the organization, operating “beneath awareness” and “residing in the deep layers of meaning” (Hatch and Schultz 2001).



## 5.6 Organizational culture and ethics: an ambiguous relationship

Organizational culture and ethics have generally an ambiguous relationship, on one hand organizational culture “can be viewed as a fundamental ingredient in institutionalizing ethics in organizations; on the other hand it can be considered the backbone of corporate ethics to such a point that occasionally the terms ethics and culture are confused” (Lozano 1997:106). Without a doubt “the strength of a culture influences an organization’s ethical climate and the ethical behaviour of its members” (Robbins 2005:241); this reflection upon the role of organizational culture is highly relevant for EIRIS, which despite having an ethical identity had a fragmented organizational culture, which made the former weak. As “culture is a soft aspect of an organization, the details of which are carried in people’s minds, using this information to interpret what surrounds them” (Rollinson and Broadfield 2002:567) individuals can make decisions of whether something is right or wrong according to the ethics of supported by the organization. According to Brown (1997) the most important sources of organizational culture are the national culture where the organization is situated, the management style and personality of the organization’s founder or leader and the type of business environment. At EIRIS, the ethical organizational culture was created through its founding leader by deliberately modelling, recruiting and selecting the company’s employees in a manner that supports the company’s ethical ethos (Schein 2004), as the HR Manager expressed it “*we are looking for people that are committed to what EIRIS does*”. As Starkey et al. (2004:399) suggests most knowledge intensive companies rely “on an ideology –a set of guiding ideas, beliefs, emotions and values, often being more influential than formal structures in controlling people”, which was true in the case of EIRIS as the members interviewed had a high consciousness of their work. With a small number of employees it was fairly easy for the management to teach the organizations how to perceive, think, feel and behave based on their convictions (Schein 2004), and thus maintain the ethical legacy of

the organization. However, as a result of a considerable increase in the number of employees, in the last 5 years, the organization had not properly developed its internal management policy, in order to ultimately create a dominant organizational culture or to manage ethics internally. Despite the creation of documents such as Code of Conduct, Independence Statement, Stakeholder Statement, which as the Head of Responsible Investment put it *“represent in a documentary form the ethos of EIRIS”*, there was not a coherent implementation of these policies, and the employees ultimately lacked a formal or even informal networking within the values and spirit of the company. According to Alvesson (1993) in order to develop an organizational culture people need to spend time together, to interact and share with one another common uncertainties and how to cope with them; which was actually one of the elements missing at EIRIS in order to establish a common organizational culture. Thus while the organization was small, it was easier to be ethical, once it started to expand the tools through which this dimension was retained was through recruitment, the ethical role model of the leader and through promoting the ethical legacy of the organization. One of the embedded rituals of the organization was for the Executive Director to hold a talk on EIRIS’s history to new employees and new interns which would cover the creation of EIRIS, how it has developed, but ultimately the talk was meant to express the ethical legacy of the organization. The telling of EIRIS’s story is of utmost importance for influencing other people’s understanding of situations and events and for providing an insight into how the organization works (Brown 1997). However, in order to keep an ethical culture alive the management needs to combine a variety of practices such as training and career development activities, together with promotion procedures that ensure that those hired fit in with the culture (Robbins 2005). New employees should be introduced to the organizational culture through a variety of means, such as rituals, material symbols and even language which would ultimately lead to a form of metamorphosis, through which new comers internalize the norms of the organization (Robbins 2005:239).

For EIRIS to be able to develop a strong shared culture, especially now in the context of it growing as an organization, its members should have the opportunities for collective learning usually through socialisation and incorporation within the organization (Brown 1997). All these elements were lacking at EIRIS, there was not a purposely-led program through which new employees were introduced to the other members of organization, its values, and to the general “the way we do things around here”.

### **5.7 A short anecdote**

One of the unique ways that the Johannesburg Stock Exchange (JSE) team, new to the organization, decided to socialize with the rest of the Research department, given that there was not an official way through which they could be integrated was to bring cakes and chocolate in the area of the floor where they were situated, e-mailing the rest of the department that they are offering sweets to those that wished to come and get to know them, as one of the members of the JSE team put it: *“you have your role and is quite difficult to sort of see how you fit in the grand scheme of things”*. This small event is of utmost importance for understanding the alienation of new members and the lack of a dominant organizational culture to which they could be introduced.

Currently EIRIS has very few events that involve all its staff, the organization holds only one day in the year, the “away-day” dedicated to socialization and interaction between its employees, with the aim of discussing the company’s directions and values. The existence of organizational sub-cultures, employee uncertainty regarding the organization’s mission and future directions and without a clear policy of managing and maintaining the ethical orientation of the organization, created a weak organizational identity and distanced the organization from its genuine ethical core, maintaining it only at a rhetorical level. As the

organization increased in size it faces the challenge of maintaining its ethical identity internally, which can be manifested by giving employees a sense of meaning in their day to day activity, an understanding of the organization's strategy and future directions and of genuinely assuming the collectivistic approach it attempts to promote. EIRIS was no longer dealing with an ethically manifested identity but merely an ethically attributed identity, the ethical attributes being ascribed to the organization by its various audiences (Brown 2008) as a result of the organization's activity profile and its ethical legacy. Interviewing some of the senior members at EIRIS I got the feeling that the organization was initially based on a sort of "workplace spirituality, that recognized that people have an inner life that nourishes and is nourished by meaningful work that takes place in the context of community" (Robbins 2005:243), and although the working environment at EIRIS seemed to be friendly and open there was a lost sense of meaning. It is important to highlight that although EIRIS's members were culturally rather heterogeneous, at the same time there were certain overall cultural understandings, mostly concerning what employees valued and thought about the CSR phenomenon as a whole, that created a sort of "esprit de corps" (Alvesson 1993) that was embedded in the organization's identity. Analysing the discourses of the people interviewed I could identify as well a certain level of ambiguity in regards to what constituted the organizational culture, caused by contradictions in regards to how people perceived the organization's business practices, however as suggested by Alvesson (1993:112) "ambiguity mirrors certain features of objective reality". During the course of this research the company was going through a re-branding that had as aim the transformation of the company's image and reputation; the next sub-chapter explores how this change occurs and what it symbolizes for the bigger picture of its organizational culture and identity.

## **5.8 Ethics VS Expertise in Socially Responsible Investment**

From the moment of its inception back in 1984, EIRIS Ltd had a core ethical ethos created by its religious foundation and perpetuated through the image it consciously created and delivered to its stakeholders. As presented in the previous chapters the organization's first clients were religious organization or institutions with a religious orientation, and EIRIS as an organization built on an ethical background, delivered services that screened companies in accordance to their ethical behaviour, projecting a niche reputation for the organization. As the Socially Responsible Investment phenomenon grew, ethical investment was no longer solely the concern of religious organizations; pension funds, banks as well as individual investors became aware of the role investments can play in changing company's policies. Thus in order to be able to attract clients that come from both the private and public sector and have an international coverage, the image of the organization, its external expressed identity, needed to be in congruence with what the organization felt it had already achieved internally at an informal level. That is the delivery of a wide range of analysis instruments that allowed investors to rank companies in accordance to a multitude of criteria, distancing itself from the initial positive/negative screening of companies. The organizational re-branding in the case of EIRIS was a result of the "organization's leaders being confronted with some event or shift in the organization's external environment" (Burke 2002:144), which meant a change in the structure of the main stakeholders of the responsible investment from mainly religious organizations to pension funds, banks, and other private institutions. At the core of its rebranding sat its 25 years legacy in the socially responsible investment industry and the excellent expertise that they had developed during this time. Analysing the meaning of "expertise" as expressing knowledge in the context of the business world, "is not just valuable for its technical functions as objective results, it also symbolizes rationality, wisdom, intelligence" (Alvesson in Starkey et al 2004:387). However, according to Hankinson et al 2007 that studied the re-branding of UK charities, re-branding is

a strategy designed to signal change and it leads the employees to know more about the charity's values and mission. Within EIRIS at the time of this research project the re-branding had been initiated, and the visual identity of the organization expressed through e-mail signatures, logo, templates contained the new name of the organization Experts in Responsible Investment Solutions, however keeping the acronym. The organization was purposely distancing itself from the concept of "ethics", tendency that is shown as well when changing the name of the software application containing the research analysis from "Ethical Portfolio Manager" to "EIRIS Portfolio Manager". The re-branding of an organization needs to be supported by the staff as they are "key to building relationship with stakeholders including brand users, and are an integral part of the brand itself" (Hankinson et al 2007:237). However during my time at EIRIS in the Research Department there didn't seem to be an awareness of the company's rebranding, during one workshop held by a senior member of the Client Team, the research analysts present were not aware of the name change of the portfolio manager. Overall the Research Department seemed less aware of the re-branding process through which the organization was going, whereas the members of the Client Team seemed to be more involved and supportive of the process. The re-branding process at EIRIS didn't seem to be a result of a change in the values or behaviour of the organization but a mere PR exercise through which the company aimed to attract clients coming from a variety of backgrounds. As was suggested in the previous chapter, EIRIS's employees were looking for a genuine change in management's approach, as the organization was characterized by: "there's almost a lack of will to change"; looking at the snapshot that this research project presents, the re-branding at EIRIS does not seem to be followed by an internal change. In support of this resistance to change a Junior Client Relationship Executive explained during the interview "the growth of the company is led by customer demand", as the organization was led in a financially conservative manner, its development and its increases in size had not been purposely led but client driven; which

explains the static nature of its organizational culture. In this context the company merely aims at a re-branding to the new name of “Experts in Responsible Investment”; a catch-all term that no longer suggest a specific ethical niche and thus can appeal to a variety of investors, whose aim for engaging in responsible investment is not necessarily ethically motivated.

## **5.9 Summary**

This chapter I aimed to look at the narratives of the EIRIS employees and analyse them in the context of the existing literature on organizational behaviour, and business ethics reviewed in Chapter 2. EIRIS seemed to be facing several issues, firstly it lacked a strong organizational culture, due to a rapid increase in number of employees the company had not yet developed a shared sense of meaning among the organizational members, which determined the creation of multiple fragmented organizational subcultures. Secondly, the company was somehow struggling to maintain its ethical identity, in which its employees stopped believing, and which the senior management was able to maintain more at a symbolic level. There was a sense of incongruence between the company’s intentions and its actions. Setting up a Union, accommodating a work-life balance through a flexible time schedule, together with the attempt to achieve transparency and openness in decision-making are a genuine commitment to an ethical core. However, as one of the interviewees suggested these good intentions were “misplaced” and despite several good practices overall there was a lack of motivation and purpose within the organization, despite the rhetoric. Thirdly, EIRIS was working on developing a new image that would fit in the dynamic socially responsible investment industry and one which could ultimately be a reflection of its reinforced ethical organizational identity. According to Burke (2002:147) “change is inevitable; an organization is like a living organism. Although an organization may undergo

changes as it passes through its phases, its identity nevertheless is maintained throughout the process”; for EIRIS the challenge determined by this re-branding is to decide whether it will attempt to re-gain its ethical identity, which is currently in a latent state, or whether the “expertise” core will mean a new business oriented approach.



**CHAPTER 6**  
**CONCLUSION**

## **CHAPTER 6-CONCLUSION**

### **6.1 Closing Remarks**

The aim of this dissertation was to examine the manner in which an organization creates and develops its ethical identity. In order to achieve this objective, the project analysed throughout 5 chapters the research process, highlighting the essential concepts and findings. Chapter 1 represented the general introduction to the dissertation structure and approach. In the second Chapter I have provided a literature review of the main concepts of organizational culture, identity, image, ethics and corporate social responsibility. In order to analyze the manner in which these concepts interact, I have selected EIRIS as my case study, a unique organization through its structure and business environment that provided rich data for analysis. In chapter 3 I present the methodology that was undergone for collecting and analysing the data. My position as an intern in the Research Department of the organization enabled me to integrate within the company, and collect useful information both due to my participant observation as well as through interviews. Next, chapter 4 introduces the story of EIRIS, through the personal narratives of its employees, putting on stage the manner in which the ethical identity of the organization developed, as “organizations literally are the narratives that people concoct, share, embellish, dispute and re-tell in ways which maintain and objectify “reality”.” (Brown and Humphreys 2008:405). Finally, chapter 5 discusses the main themes that are drawn from the organizational narratives, in the context of the organizational literature.

## 6.2 Key Findings

Analysing the interviews taken, the informal discussions I've had with the members of the organization, as well as my experience as an intern, the key findings of the dissertation are that the organization has a very strong ethical legacy, one which struggles to remain within the company's identity and internal business practices. EIRIS was characterized by a fragmented organizational culture, which determined a dissonance between the organizational narratives, and finally the re-branding of the company, which could signal a long awaited organizational change, and a break from organizational inertia. EIRIS belongs to the category of knowledge intensive companies, which refers to firms where "most work is said to be of an intellectual nature and where well educated, qualified employees form the major part of the work force" (Alvesson in Starkey et al 2004:385). Additionally, it is an organization with a unique profile, due to its pioneer approach to the Socially Responsible Industry, its ethical ethos, which represented "*the organization's entire reason for being*", as one of the interviewees suggested; together with the role that it had made for itself in this industry, servicing some of the most important players. The company's size had grown tremendously in the last few years, and this development has not been accompanied by an appropriate implementation of internal practices, which created an unstable working environment, the company facing a high employee turnover, and a restless organizational culture. Similar to what the study of Pratt and Rafaeli (2004) suggests "the lack of integration of belief systems and symbol interpretation are particularly striking when organizations experience rapid and powerful change" (Pratt and Rafeli in Hatch and Schultz 2004:300). Looking at the personal narratives of its employees I got the feeling that EIRIS almost had a dual identity, which shifted between the charity like dimension, coming from the EIRIS Foundation and its role as a player in the financial market, and thus profit-oriented. As the organizational studies literature suggests identities can be multilayered, and employees may

draw upon multiple identities, some of them may be hybrids, and some layers of identity can be more salient than others (Hatch and Schultz 2004). Moreover, the case of EIRIS supports the views of Gioia, Schultz and Corley (2000:64) that “the apparent durability of identity is somewhat illusory”. Given this status quo, the employees’ expectations placed on the organization varied, depending which of these two identity facets they acknowledged. Additionally, its employees were not integrated within a dominant organizational culture, and the laissez faire approach to management that was adopted internally, gave birth to a multitude of fragmented subcultures, as there was no coherent dominant organizational pattern. In order to build a strong culture and image from within, EIRIS’s management needs to articulate to its employees the strategic mission, and make them feel a part of it. According to Rollinson and Broadfield 2002, the sharing of values and intensity, defined as commitment to organization values are two important factors that create a strong culture. The interviews responses showed that EIRIS’s members felt proud to work for an organization like EIRIS, but despite strong value identification, it was all kept at a very abstract level, as the employees did not quite understand their role in the organization. Developing measures that can diminish the group lines between the two main teams of the organization the Client Team and the Research Team has the potential to create a sense of solidarity and camaraderie. For the organization to develop a strong-shared culture, management must create the opportunities for its members for collective learning, which entails forms of socialisation and value incorporation (Starkey et al 2004 ?). Looking back at chapter 3 that describes the historical context in which the company was created, one can notice that it was centered around the paradigm of creative management, which is a model that the management should continue to pursuit and assume that “the real world which surrounds the organization is a dynamic construct enacted by the members of the organization over time” (Starkey et al.2004). EIRIS’s history had a huge impact on its culture; several elements can be traced back to the values and ideologies of the company’s founder

(Schein 1983). Founders, as in the case of EIRIS, “have a strong entrepreneurial disposition, communicate their vision to others, in the early days of the firm, and tend to attract and recruit a core of like-minded people and what emerges is a key group that has shared assumptions and values” (Rollinson and Broadfield, 2002:573). As EIRIS was characterized by a fragmented and incoherent organizational culture, the management’s attempts to maintain the ethical legacy of the organization were somehow misunderstood. Despite articulating the ethical ethos of the organization in several documents, thus regulating the internal business practices, the organizational members did not see that in practical terms, pointing out that the organizations does not always practice what it preaches, and the overall impression was that the organization’s ethical identity was in a somewhat latent state. Another central element to EIRIS was its projected image. Its services were highly valued in the SRI industry, however the organization was seen to have a somewhat old-fashioned legacy. The re-branding of the company from the Ethical Investment Research Service to Experts in Responsible Investment Solutions aimed to re-position the company in the SRI market, and to give its image a twist. Due to the legacy created by its founding religious organizations, EIRIS had been seen for a long time as providing research only in terms of positive and negative screening as this was the main focus of the religious organizations at the time when the organization was created. However, as the SRI market developed so have the services provided by the company, thus the name change intended to put a distance from the concept of “ethics” and embrace the concept of “expertise” and “provider of solutions”. An important question raised by this re-branding is whether the business environment sees the concept of “ethics” as somehow obsolete and they no longer identify with it.” Critical self-reflexivity and dialogue about future identity” (Starkey et al 2004) are two very important tasks that management should consider, while leading the company through the re-branding process. No longer including the concept of “ethics” in the company’s external identity can trigger as well a form of organizational change, and

place the company in a completely business oriented position. Gioia, Schultz and Corley (2000:79) suggest that “the strategic concern of management is no longer the preservation of a fixed identity but the ability to manage and balance a flexible identity in light of shifting external images”. EIRIS employees’ saw the company as characterized by a form of inertia, which is conceptualized as “the tendency to repeat past actions and patterns of activity, understood as the tendency of organizations to resist change” (Rafferty and Griffin in Barling and Cooper 2008:610). Looking at the reasons for which organizations repeat past actions, in the case of EIRIS the most plausible explanation is the fact that the existing procedures and strategies have been successful and thus they have persisted although they are no longer effective (Rafferty and Griffin in Barling and Cooper (2008). EIRIS faces several challenges due to the fact that it is an organisation growing at a fast rate pace in an industry that is in a continuous development. In these circumstances managing its people, defining an organizational culture and maintaining the ethical identity of the company, are important issues that need to receive attention and devotion from management. The Ethical Investment Research Service soon to be Experts in Responsible Investment Solutions is truly a remarkable organization that needs a change in management’s approach in order to re-define itself in the socially responsible industry and to become the organization it has the potential to be as “the performance of an organization is ultimately a reflection of its top managers” (Hurst in Starkey et al, 2004:500).

### **6.3 Subjectivity**

The analytic perspective on identity issues that I offer is partial and merely one possible approach in analysing the manner in which EIRIS’s identity has developed. My presence in the research department at EIRIS has prompted me to sympathize with the issues encountered by EIRIS’s employees particularly within this department, although I have

interviewed members of different teams. Due to my everyday proximity and interaction with the researchers I feel in many ways that their narratives were predominant in the case study presented within this dissertation. Without my role as an insider of the organization, I wouldn't have been able to develop a thorough understanding of the challenges that the organization faced internally. Additionally, I think this helped me during the interviews as well, as I felt people could share with me their feelings and work experience. During the 3 months I was an intern at EIRIS and conducted research for this dissertation I was "immersed in a stream of organizational events" (Brown and Humphreys 2002:144) attempting an inductive approach for generating a complex picture of the organization. During this time I adopted a thoroughly reflexive attitude, my everyday experiences at EIRIS dominating my thoughts, the utilisation of auto-ethnography had the aim to "contextualize giving testimony and witnessing"(Jones in Denzin and Lincoln 2005:784) to my research. Qualitative research and more specifically, ethnography, requires that the researcher systematically interprets and analyzes his/her own as well as others experiences and acknowledge these influences on the final work (Webb 2006). This makes this type of research essentially subjective. In writing this dissertation I have tried to achieve a "balancing act" (Jones in Denzin and Lincoln 2005), analysing "what do I leave in and leave out", trying to set the scene and tell the story of EIRIS, acknowledging its intricacies, ambiguities and often its contradictions in the organizational narratives. However as suggested by Geertz (1973:21) "ethnography is intrinsically incomplete" my account, as well as any ethnographic account represents the researcher's interpretation.

#### **6.4 Contributions and Recommendations for Future Research**

Similar to the study conducted on Credit Line by Humphreys and Brown (2008) the study conducted for this dissertation through its contribution illustrates "the heteroglossia that characterizes organizational life and the competing speech practices that constitute

struggles between convergent and divergent meanings” (Humphreys and Brown 2008:414). The ethnographic approach employed in this research highlights the inherent complexities for studying the ethical identity of the company, and its dynamics through time. Finally this case study wishes to be an organizational snapshot that can prove useful to EIRIS’s management for future organizational changes.

Looking at the main themes that emerged from this study such as the struggle for a strong culture and image, the development of the ethical identity of an organization and struggling to break away from organizational inertia it would be useful to explore how organizations can quickly adapt to a fast pace industry and how they can maintain and promote an ethical identity in the financial industry. Research questions that could be addressed are: how to maintain the ethical identity of an organization in an unethical business environment? How should a small organization develop its culture when facing a sudden employee increase? Or even how can a company manage the organizational change without losing its ideals?

Future studies may wish to look more closely at the emerging institutions in the socially responsible investment industry, and analyze the organizational role they play in shaping this new and innovative branch of corporate social responsibility. As institutional change is motivated by social change at the society level (Arjales de la Lande 2009), the development and future of organizations like EIRIS is of utmost importance for understanding the practical form that corporate responsibility will take.



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## APPENDICES

### APPENDIX 1

Interview 4-Junior Client Relationship Executive

CS-initials of the Researcher

DH-initials of the interviewee

(...) Or “...” –represent pauses in the speech

*CS: Can you please tell me your name and job title?*

DV: David Hill, Client Relationship Executive

*CS: Can you tell me for how long you have been with EIRIS?*

DV: I have started on the 1<sup>st</sup> of September so that is almost a year, will be a year, it's about 9-10 months.

*CS: Can you tell me briefly what you do at EIRIS?*

DV: Essentially I facilitate what client managers do, so I essentially facilitate the delivery of EIRIS's services to all clients so that can be producing paper reports for a number of our clients, which involves compiling lots of data from the researchers and putting together and formatting and maybe doing a bit of analysis here and there, and also supporting clients when they have issues with our software, with EPM, responding to research tenders, and helping coordinate events.

*CS: How did you first hear about EIRIS?*

DV: I became interested in responsible investment when I did an internship in United Nations environmental program finance initiative, I did an internship there in my 3<sup>rd</sup> year of university, predominantly interested in environmentally economics first, then got into UNEP finance initiative, from where UN PRI grew, so that's why I was quite interested in responsible investment. Then I did an internship for my dissertation in UKSIF (UK Social Investment Forum) and that's where I found out about EIRIS, so I was following their website



for job opportunities, so after university, I went backpacking in South America for six months and when I came back there was a job opportunity there, it all kind of went smoothly.

*CS: So you applied for EIRIS because of the profile of their activity?*

DV: Yes, completely.

*CS: Did you know anything about their reputation in their field?*

DV: I knew of them because in terms of the UK they are definitely among the big players, there were links between the UKSIF website and the research providers and things like that and I heard of other research providers as well so I was looking at other research providers at that time, like Innovest, but I had heard about EIRIS, and definitely its identity went before it, in terms of the way in which it is run, in terms of its charitable status as well.

*CS: How do you feel working for EIRIS, does this ethical profile of its activity has an influence?*

*Because in a way you are part of the SRI phenomenon and in general of the bigger CSR movement.*

DV: I think it's great, I think EIRIS holds a lot of ethos in the industry, I think in terms of its independence, and the way in which it is run, owned by a foundation, in terms of its ethos and what it stands for, in terms of furthering responsible investment, when I speak to friends and tell them what I do I feel kind of a warm glowy feeling inside self-satisfaction.

*CS: How do you think your colleagues feel about working for EIRIS? Does the ethical identity of the company give them this warm glowy feeling? Or you think they see it as a regular job?*

DV: I think it varies quite a bit, I think it kinda of varies a bit by team, I think there's a lot of people with whom I work that definitely believe in what they are doing, and doing it for responsible investment and try to make a difference through what they are doing they are trying to improve the way in which the financial system functions.

*CS: What do you mean when you say it varies by team?*

DV: I just think, I think for instance the way in which Client team is structured the way in which the recruitment process is structured, when you get people into the client team you

get a lot of people, who are kind of concerned about investments part of things, while the researchers are very concerned with the actual the corporate side of things. I think there are a lot of people who don't understand how the end product of our research is used for and therefore I think we do get some people who are involved in other teams that just do it as a job as such and not necessarily focusing on the bigger picture.

*CS: Is there a separation between the client team and the research team?*

DV: I think that's good...I think that's one of EIRIS's strong points in comparison to our competitors and that is that we are very hands on a client, focusing where we can do...so that is quite good that we have a well resourced client team, many of our clients have said to us that that's why they use us, because they get a very good client support. But I do agree part of it is the physical nature of the building, there has to be this degree of separation ....one it's quite difficult to know who's researching what and I think often on both side of the business for us to understand the research process in terms of a selling point to clients and also it would be quite beneficial for researchers to know exactly how their research is used, I think most of the researchers don't even know what EPM is so I think it is kind of divided but I think I would be lying if didn't think that wouldn't come from management.

*CS: Do you think inside the company EIRIS practices what it preaches?*

DV: Yes I think it does, I think in Peter Webster is a moral kind of man, I think he definitely has this mission in terms of what he wants to kind of achieve in the SRI world, he definitely tries to achieve in his own business, I think I've never been to a place with more employee rights, its incredible democratic, I think it's the way in which it is run, the flexibility and the trust given to employees is massive in terms multiple different things, of sick leave, maternity leave, there's a lot of trust given to employees.

*CS: Has working for EIRIS changed your behaviour in any way? Working in the CSR world you become aware of much more things; do you recycle more, do you cycle? Small things in your*

*daily life that have changed because of the nature of your job; it's more ethical than other positions.*

I think it actually has, there are things I've always done in part, but I agree I definitely learned more in terms of the...I mean I knew because I came from the investment side of things, I knew a lot about some of negative impact of large organizations and I think I definitely learned more but perhaps it hasn't pushed me to do things, but I definitely do I think I do quite a bit, in terms of recycling and generally promoting the good cause.

*CS: What do you think about the working environment at EIRIS?*

DV: I think EIRIS has an ability to hire generally quite good people, the majority of people I've met here are very nice, very friendly, very interesting and they generally are great people to work with, but when I go upstairs in the research team I am a bit nervous to do my thing, just because its very focused. Actually the client team we have to speak to quite a lot of people, I'm on the phone quite a lot chatting to clients, chatting to prospective clients, chatting to other client team members about what they need me to do, I mean I am talking a lot to clients, and there's kind of a strong working relationship in the client team, there's a healthy kinda of camaraderie. But what I would add to that is also there's a generally kinda of friendly, kinda of fun atmosphere when I work. I do think sometimes EIRIS's liberalism and the laissez faire attitude to management has its downfalls in terms of a targets, research are very target led, you have the research target that you have to do in a certain amount of time, whereas in the client team you do need to give quite a degree of flexibility, just to respond and react to certain clients, it is quite difficult when I don't have specific targets which means that it can be not kinda slightly not that focused in what we are doing. Also EIRIS might have gone too far in kinda of giving employees rights, I noticed a lot of people that kinda of take the piss, take liberties in terms of, and there's almost kinda of lack of professionalism in terms of how people talk about each other, just because we're given so much lee way in terms of what we can do, which is great, but it means that there's a line

that some people cross, and in the way in which people behave to each other, sometimes, in terms of the way in which our bonus for instance was set up which was amazing democratic, we were given a vote in terms of how much the bonus will be, how the bonus will be settled, given the circumstances of the market right now, given the circumstances that our clients are the financial markets so it would be fairly naïve to think that we will not be affected and when given the opportunity to have the bonus before hand having the opportunity for redundancy I was kinda of shoked by the kind of mentality of the office, saying that they want their bonus now...I was a bit like wow...I was shocked by that; and in lots of things the way in which key management decisions is definitely kinda of discussed across the whole level of the company but I think a lot of people don't take that on board, how lucky we are.

*CS: Do you think that the suggestions you make are taken on board?*

DV: I do, and I also think that unions are a health body, but I think they should be to the employees benefit, and I think they are sometimes self servant to the people who are in the union and not necessary to EIRIS as a whole perhaps view Senior Management with a bit of too much cynicism, especially Peter runs it in the best interest of us and I think a lot of people here sometimes are a bit too.. I think they have been given so much power in as opposed to other large corporates, especially even our competitors and I think a lot of people don't realize how lucky they are and they are a bit too harsh to the management sometimes.

*CS: Do you feel there's an international flavour to the whole company, or is there a predominant British culture?*

DV:I think it's fantastic it's people from around the world I especially enjoy chatting to our Japanese team, I think it's fantastic, I've never worked in another environment like EIRIS in terms of the all around culture and kinda of spoken about the general environment, and the general kinda of openness and flexibility, but I agree there probably is, I think it's difficult to say without working in another country, to understand the corporate culture but I guess it is

slightly internationally but my team is predominantly British, whilst I enjoy speaking with people from around the world from the Research team but I guess I don't necessarily learn a huge amount of things from them because when we talk we generally talk about what they are having for lunch so I learn about their international food, but apart from that not a huge amount

*CS: I heard that you will be leaving EIRIS soon; can you tell me a little bit about that? Where are you heading?*

DV: I'm leaving to do a masters in energy trading finance looking to get involved in the energy industry, either looking to get into carbon trading or an actual energy company, but definitely from the business side of things, economical side. It's definitely been led through my interest in sustainable investment, because I deal with a lot of clients portfolio who make a lot of portfolio decisions and you realize that energy is a huge player in investment decisions because of its size and profit margins people kinda of they even the sustainable investors, they do not like to disinvest in energy companies because of their profitability and profit margins and their huge kinda of percentage of market capitalization, and FTSE 120% of market capitalization comes from energy capitalization so you realize that the energy is not going to go away, and needs to be driven in the right direction, so there is a kinda of story for what I have gone into it and I definitely learned a phenomenon amount at EIRIS on multiple levels, on the level of the client management, energy products and stuff like that and I've learned a huge amount that I will take with me, unique investment to further their mission. Working in a small company you get to see how business runs, how you know...how cash flows, we are a very cash dependent company, we run quarter by quarter using our clients money, so you see how new projects are financed depending on how our last quarter has gone by getting new businesses. So you really see how a small company runs with the external corporate investment, so I think from that side I've learned a huge amount about business management because you kinda of just see everything very clearly from the Client

team to the IT team, to Research and Management and see how resources are split, you see how decisions go on, that is hugely invaluable, which is something I wouldn't have learnt by doing a graduate scheme at City group because it's monstrosity of an organization so you don't see how these decisions are made, so I think that's been one of the biggest things I've learnt.

So my leaving EIRIS on a slightly negative side, through no fault of EIRIS, me leaving is because of a strong desire to learn more and possibly through the economic times and the way in which the client team is structured, through no fault of the client team, it would be a long time before I got other kinda of position, and if that was the case maybe I wouldn't mind but there's definitely not a huge amount for training and so that's kinda of the main reason for leaving through kinda of my own ambitions and it's not through any fault of EIRIS because they've definitely left the door open for everything, there really is the opportunity for you to say "I'll do it !" And they let you go and give responsibility quite quickly, if I want to go to a conference I go, and they give you that responsibility quite quickly and if there's a research tender sent out, you can say I have time do it, they give you that, and if you win that research tender, and you bring quite a large amount of new business, there's the ability to grow as long as you go out there and take it, but me leaving is more to do with me wanting to change directions.

*CS: Have you thought of leaving EIRIS to join another company in the last year?*

DV: No, I don't think so, I must admit when I was applying to EIRIS, I was applying to a bunch of other different things that didn't come up I was given the EIRIS job and I had a bunch of other things that were pending and if I were given this other job I would have taken it but I'm quite glad I didn't, given the examples, I definitely really have learnt a lot. My other slight criticism but this is just of the client team is the fact that we do deal with fund managers, we do deal with portfolio managers with people that are making investment decisions, and I do think the whole side of EIRIS research, we are not consultants, it would be dangerous for us

to say things. They kinda of are certified but I think there's a lack of investment experience as a whole, especially in the Client Team and I did state I would like to do an investment management certificate which is a kinda of a small part time course, which does not last very long, but they stated there's not funding to do that, which is not through a fault of EIRIS, but its kinda of a lack of concern that we are actually dealing with investments and we are kinda of dealing with ...every now and again there are some definitely aggressive fund managers that look at your credentials, and I think it would be a lot more credible if we had some investment experience.

*CS: What do you think is distinctive about EIRIS as an organization?*

DV: I think its openness and transparency and I think the way things are run, I do know that employees think it's not transparent enough, and I know there are people that do come from charitable sector, but I worked at RBS before and there's no comparison in regards to how things are run here than RBS, if employees knew how things are run at RBS, they wouldn't make the decision to join. I do think the way things are done here is very transparent and I think if there's one thing I would want to get out as well I think there's kinda of a like a small issue of the founder syndrome, in terms of the way in which Peter runs the company and I can only see this because of the small nature of the company so you can see his involvement in every part of it and you get the kinda of feeling from senior management that there is a kinda of like a frustration because of lack of autonomy, they can't make decisions, because of Peter, it's kinda of his baby, its 25 years old, he's highly loyal, started from nothing to this big kinda of research organization. I think we've reached a point where we can't grow any further because he kinda of needs to have his finger on every single decision and there's a lack of autonomy, so people would make a decision to do this but people are frightened to do so because Peter will want to come and have the final say, and it's kinda of being able to delegate and having trust in your manager to give them a bit of autonomy to make decisions, internally I think there's quite a bit of identity issue, there's

a founder issue we can't really break away from some of our older ideals, for which we stand for, integral to what we do, but we should try to move with the time. Especially when you look at Mark Robertson, who's our Communications Manager, who's fantastic, who definitely has the morals EIRIS stands for and comes from an advertising agency, he's very creative, and has strong ideas of how to move EIRIS in a kinda of digital era in terms of you know new media platforms but he's definitely perennially frustrated, just because Peter wanting to make sure we don't somehow annoy our core, older clients, but he's a bit overly kinda of concerned about it, I think some of this people that are talented, creative, quite forward thinking need to be given more autonomy, otherwise there's quite like a possibility of losing talented, incredible people because of the lack of autonomy. I am contradicting myself but like an entry person there's a lot of responsibility to take but when you reach a certain level that stops.

*CS: Where do you think the company is heading?*

DV: We are definitely moving that way, but EIRIS takes centuries to do anything quickly in terms of ..For instance the major thing which is not kinda of that digital area like our website; in terms of identity I almost didn't take my job at EIRIS because of the website, I mean don't judge a book by its cover, but do judge a company by its website and I've seen Mark almost in tears, he's had this things ready to go for 8-9 months, and I do think it's just nip picking at the final points, kinda of frustrating, I do think we are moving in the right direction, but there is kinda of fear, my personal fear that if things aren't changing in terms of delegating, giving responsibility to people we might lose quite a lot of good people, because they're not feeling they can achieve what they want to achieve because they are constantly held back, but I do think we are heading in that right direction.

*CS: Do you think EIRIS is it trying to become a global leader in the SRI research?*

DV: I think Peter may be natively kinda of reserved to the idea of global domination, just because he's general outlook on things; the way in which it is run financially conservative, it



grows through client demand not so much investment from the outside world, never has some strong investment, never kinda of has any debt, so it's very conservative in the way in which it is financially run so when you look at our competitors, we've never been in any financial trouble, whereas our competitors have gone up and down. I can see it getting bigger, I definitely do think we are going in the right direction, the French office has been remarkably successful; in the US we are still quite struggling because of a cultural thing. Whereas in Europe and the UK we definitely have a strong selling point because our research is of the highest quality around in terms of its integrity and strong methodology, and it's expensive because we have a lot of very intelligent research analyst, masters and PhD people, that we can sell quite easily in Europe, whereas in America its kinda of flat, to be a bit cynical, it's kinds of flashy. I do think we definitely have the basis to grow, especially in the emerging markets and Asia as well, because we have a strong Japanese team up there and a Korean partner and we have the potential to get a lot of Chinese, more so than some of our competitors, but I would add that do grow there needs to be some management changes to allow that growth.

*CS: What do you think determines this reserved attitude?*

DV:I think essentially it is Peter, and it's through no malicious intent, it's not kinda of a a iron fist, autocratically, it's genuinely kinda of intrigue and interest on how things are running, almost a child like interest, he is fascinated, he loves IT, he loves the IT side of things and wants to know how IT runs it, how they develop it and then he is fascinated and wants to be involved in the decision making but it's kinda of case of talented people that need to do their thing. It is difficult to get through that, because of the whole founder ideal, this is my company, I did this, I should be able to have my say in things, from what I understand it's quite common in a lot of charities, not necessarily in the corporate world, because the corporate world is a bit more kinda of cut through, but in the charitable world its quite a

common phenomenon for people to have a problem with letting things go of certain things, in delegating.

*CS: Do you think there has been any visible change within the organization, since you've been here? Is there something that is different?*

DV: I think there has been, I think there's kinda of a shift to go where I am saying, because for instance Peter is a very well respected man in the field and for a long time we've had a trouble of getting him out there to speak, because he is a very good speaker, very charismatic and as our executive director we want him to be that kinda of person that goes out there and does things, and I think that has been a frustration at his lack of public visibility and I think he's not a fan of travelling that much but if we want to globally grow we kinda of need to get him out , but the fact that he's now going on a talking tour of the States, I think that shows there has been that personal management to get him out there more. There has been a change and you can sense there's sense of bit more urgency around the place and I think that's because of the financial process, has shaken things up a bit and realised that maybe I guess people don't realize how things are happening, but now there's a bit more urgency about things, which is a good thing, because at EIRIS we've been far too the other way in terms of urgency, so I think there's definitely a bit more urgency around the place in the last 3 months or so.

*CS: Who do you think are EIRIS's stakeholders? Who do you think EIRIS regards as stakeholders?*

DV: I personally think our stakeholders are the investors, coming very much for a business perspective how we are able to achieve the mission is through investors you can broke them down to different type of investors, people who actually believe in it to the core of their business, some of the old retail funds, stewardship funds, F&C this are our kinda of our old strongest clients, and then you have the other side of the investors, who have kinda of jumped on the band wagon, it would be foolish to say they are not our stakeholders,

because they make a big part of our revenue. There is a kinda of something that EIRIS should ever let go because it's part of its ethical identity is the everyday ethical consumer is our stakeholder, because at the EIRIS foundation who owns us, has always been for the consumer, for the everyday consumer, so I regularly receive phone calls, just because my number is on the website from your average man sitting there how can I invest my money ethically, and by no way we do want to dissolution this people that we are CITY Group so I mean the website has always been concerned with guiding consumers so now with the launch of our consumer website: ethical consumer website which is for the everyday person that is a massive core for what we are doing, and there's sometimes a concern of our clients that there's a conflict of interest, because whilst we provide research for the financial markets, we are also ranking companies for consumers, who they think they should use. But I think it's core to EIRIS, because we've never been only about supplying the financial markets, but furthering the cause, whilst from the cynical business point of view I think our main stakeholders are our investors from the kinda of view of the average, everyday ethical consumer it does bting...

CS: How do you think EIRIS Ltd is run more business focused or more like a charity?

DV:I think that it's very much team variant, the client team perhaps the finance team and the business development team, and probably the IT team as well, we definitely act as a profit seeking company, we have to, our proximity to the clients is quite close so we understand where the money is coming from, and we are definitely very concerned about that, we are not a hard sale company but we are definitely quite close to the knowledge that we need, we are a profit seeking company, whereas quite a lot of research I don't think they are. I think the research acts in quite charitable ways, which is by no means bad, but it's run kinda of sometimes work more in line with the foundation, which is furthering the cause of CSR, which is definitely what we are doing, but I definitely don't think that the research team sometimes understand the pressure in which we are at the moment in terms of paying the

wages, in terms of where this money is coming from and I kinda of put an extra hour here and there just because of what's going on.

Interview 6-Head of Responsible Investment

CS-Initials of the researcher

SH-Initials of the interviewee

(...) or “...” –represent pauses in the speech

*CS: Can you tell me what is your position at EIRIS?*

SH:I am currently the Head of Responsible Investment Development at EIRIS.

*CS: Can you tell me for how long you have been at EIRIS?*

SH: 20 years

*CS: That's quite impressive*

SH: When I first started there were only 4-5 people, started doing different jobs and then obviously moved up in the hierarchy.

*CS: Can you tell me how your responsibilities evolved throughout these 20 years?*

SH: When I first started the organization was only 5 or 6 years old, so I was employee number 4 shortly followed by number 5, so we altered everything, we looked after the clients, we did the research, did large areas of research, we did all the public speaking required. As the organization grew I specialized in particularly the military and nuclear power research and then in other are other areas of research including all the US research at some point, when it was being done for one large client, as then as time went on I become a senior researcher, the equivalent of that looking at a number of different areas developed at some point: the stakeholder criteria, the green gas criteria, climate change and as the time went on I had less responsibility for the clients because we got the Client Team instead so I became the Head of Research oversaw all the research development, strategy and implementation the way that Stephanie does right now, obviously in a slightly smaller team then I became the head of international relation, responsible for globalizing EIRIS, creating

all the international research and sales partners and things of that nature, some of which I still have a residual responsibility for. And then the role slightly changed into something which I have defined now as being the Head of Responsible Investment, but looking after the Market Development team, which looks after our PR and communications, our branding, it looks at our charities project, the one stop shop your ethical money website, which is designed for members of the public to pick and choose between ethical investments, sustainable investments, also working with people like Mark Robertson and Sam Collins. Also I have been for some time the member of the Senior Management Team reporting directly to Peter and the board which met yesterday and also responsible for looking after our relationship with academics and with international bodies such as OECD, Eurosif, UKSIF, US Social Investment Forum, and a whole wrap of different things, but the underlying purpose of it all is to develop the market development out there for responsible investment; that's why I am overseeing all the research papers that go out, trying to develop relationship with international bodies, assist the Client Team, go to conferences, assist to different queries, so it's a broad range of things all with the underlying assumption that this is the soft sale and the responsible development side of my job is to ensure that what EIRIS raises its profile

*CS: It's absolutely impressive!*

SH: A lot of it is.

*CS: Can you tell me what has motivated to remain with EIRIS for such a long time and develop all these amazing activities?*

SH: Because I was here in the early stages I sort of have a proprietor feeling towards the company, I don't own it in any sort of physical sense because it's owned by a Foundation, which I also look after from time to time but I think it's because there's an element of .., which is at the root of what you are writing of, an element of ethics and responsibility. Why I don't need to be evangelical in my work, I think the underlying reason for which I do this stuff is because I do want to see a degree of social and environmental change. I'm not going

to impose that to our clients, I'm not going to tell people what they should be doing, but I think it is important when working for an organization that has a strong ethos, you sort of share that ethos, not necessarily every single aspect of it, I do not agree with every piece of research that we do from my own moral point of view, but I do believe very strongly that individuals and institutional investors should have option to decide what is right for them, if they choose this from a normative and moral point of view, they may choose it from a material risk point of view, but the issues, the challenges to the planet like climate change, human rights, corruption, issues of social justice, and poverty I think that those issue can be material to help out how companies perform, influence performance of portfolios for pension funds and others and I also think and don't hesitate to say that there is an influence issue to be addressed and companies and investors need to be a part of it so be it from a normative point of view or material point of view, they need to be addressed by both companies and investors, so for me working here gives me the opportunity to do that, I can be in an NGO that can give me the same opportunity, but that would not necessarily be the case in the City, to the same extent.

*CS: You mentioned the EIRIS ethos; can you tell me what is the EIRIS ethos?*

Well, it's interesting I mean we have a mission statement, I can't remember it right now, which is kinda of bad, but I don't like mission statements, but you can look it up on the website, but I think the EIRIS ethos effectively is that the organization should itself be imbued with a certain set of values, fairness, equity, involving employees in decision making, it doesn't mean it works ideally, it's not cooperative, it's a business organization, must function in a commercial fashion, but it's owned by a foundation and always has had this charitable status, which means that it can view things in a slightly different light. It's not for profit in the sense that it's not only seeking to gain commercial advantage for its own sake, its trying to make investors invest in a certain way, and to give money to the Foundation for it to do its various good works and I think another aspect underlying is that EIRIS being

independent and taking integrity very seriously, you may not be aware but last year we have applied for a qualification against a quality standard you should speak to David Tozer about it, we have signed up to various Independence Statements, Code of Conducts, Environmental Policy, etc, all of which kind of articulate in a document form the ethos, without trying to make to grand of a form. I am not fond of grand statements, but I do think that the fact that we are owned by a foundation, that we are independent, that we are making a difference with the work that we are doing is very important and I think that beyond this mission statement we don't necessarily define that, but we also don't try to impose on other people our views, so indirectly they will know that we have a stance on; if you research climate change it's because clients want those things but also implies that you think that those things are to some importance for you, but we are not telling clients that they ought to you know avoid animal testing, maybe we would say something about climate change, but even then we can't say to people you must do the following about climate change; we can say "here's your risk, here's your issues you might want to consider this". So I think giving people the opportunity to act upon these things in a way that they think is most appropriate is an important part of the ethos, it's empowering others not imposing things on others.

*CS: Can you tell me how you see the distinction between EIRIS Ltd and the EIRIS Foundation? Do you see them as 2 separate entities?*

SH: Whilst they are distinct legally and are distinct in their operations and activity, I think there's also an element of them seeing to be linked. If you are owned by a Foundation, that Foundation, doesn't mean it controls your strategy and tactics, and indeed it is not, EIRIS Ltd, the subsidiary, has its own board, which met yesterday, and which takes the responsibility of governing the subsidiary, whereas the Foundation, must ensure that the Board does what is supposed to do, but it does not involve itself, we inform them, the Foundation trustees of what the subsidiary its doing, but it has its own business plan, its own mission and charitable

aims, as it must under the law. But the 2 bodies are also one, in as much as they are interdependent, the subsidiary, is owned by the Foundation therefore must pay heath to the Foundation, the Foundation must rely on its the subsidiary for at least part of its income to undertake the activities it does, also when the Foundation commissions research papers or charity projects like the [yourethicalmoney.org](http://yourethicalmoney.org) site, it is funding those, the development of these things but it is employing the employees of its subsidiary to do it, thus when we then issue this site to the public, and they can be called a project of the EIRIS Foundation, or founded by the EIRIS Foundation, in a sense they are also linked to EIRIS itself, to an outside body, or person they don't think "I see, so that's come from EIRIS and that's come from the Foundation" ,in a sense they shouldn't really see it that way, it may be that the Foundation does things that the subsidiary doesn't necessarily have to do, but because it's charitable, its aims would be charitable, the aims of the subsidiary are not charitable but the Foundation can only implement its charitable objections by owning and by working with and through the foundation so if we offer services to charities, foundations and churches as a relative small part but important part of our service, that fulfils the mandate of the Foundation. If in the same time the Foundation wants to see a prosperous, successfully subsidiary, EIRIS Ltd, then it needs to provide physical, moral, other support to the operations of the subsidiary, so EIRIS has re-branded itself considerable from being the Ethical Investment Research Service, which is technically by name to the Experts in Responsible Investment Solutions, and that branding is supported by the Foundation, because that places EIRIS in the market where mainstream investors can come to us in the same way in which historically charities and foundation have come to us and the Foundation is a supporter of that because it wants to see a prosperous and successful subsidiary, so whilst there are technically and legally separate, there's an element of interdependence and complementarity to the activities of both groups.



*CS: Can you tell me where EIRIS Ltd is heading in terms of its activity?*

SH: EIRIS does have international ambitions, to be a serious player in the socially responsible investment market place, to have an influence on public policy and opinion making and to provide services to a broad number of investors in different countries, we do have clients in South Africa, Australia, South America, Singapore, Europe and there is a lot more potential for us to work either directly or with more partners in a broad number of countries, and it's not just for the sake of glorious and pure ambitious, but because to compete in this market place, one does need to be a global player, you can be a nice player in ones home market but I think that if EIRIS is to fulfil its potential and that is to provide the services which we think that the clients will benefit from it needs to do that beyond than just the UK and the rest of Europe, but in a sensible fashion not trying to do it all at once. But do it gradually, sensibly in an affordable way that is not going to endanger the financial security of the company, but I think having that a sort of a global ambition is appropriate and right.

*CS: Can you tell me what is the approximate number of partners that EIRIS has ?*

SH: At the moment we have a research only partner in France and a research only partner in Spain and then we have a sale only partner in Spain, and research and sale partner in Germany and in Australia and now in Korea and Israel.

CS: Does EIRIS have a code of conduct in place with its partners?

SH: They do have of course to have a common research standard, that is approved by the people in the research team you are working in, but also we are encouraging all our partner groups to take part in the same standard, we have been certified against though the research partners in Europe and Australia, sorry Europe have already been, the Australian will be this year, and in due course the Korean and Israeli will as well, that means that they need to have an independence statement, code of conduct, independent policies, environmental code, so whilst we can't necessarily impose precisely the same code of conduct, which wouldn't be appropriate because they have their own local circumstances,

we would expect them to incorporate the broad ideas which are in ours, and to have anything additional, specific to their domestic circumstances, but it's quite important when choosing partners that they do share, otherwise the business relationship itself would be difficult, is not imposing our moral view on someone, is recognizing what we have in common.

*CS: How do you feel working for EIRIS? Does it make you proud?*

SH: I'd say it does, I wouldn't work here for all this time, if I wasn't proud to work for the organization. Of course every place has its own frustrations and so on and so forth, but it's good to have a job, where you can honestly say that even if you don't look for it it's going to work for every day of the week, because you know how life is you feel proud of what you are doing, and you like what you do. I've just been to Canada, where I come from originally, and I've seen a lot of friends and it's only one or two friends that actually really like what they do, they take pride in what they do, but they don't necessarily feel an affinity with it. Most of the work that I am doing here, as well as the organization itself, is doing things that I think are important, enjoying things and I think I make a difference, and whilst I can question things and be dubious about if from time to time, thinking that it's very slowly in the outside world, companies don't change, climate change hasn't been solvable, nonetheless but I see it as being part of a movement not just a commercial operation, I value the commercial operation, we need to have a proper business sense in what we are doing but I think we can marry that to a broader understanding of things, so I think the very fact that I can think "have I made a difference through what I have done, during my work here, and do have other made a difference?" and I think the answer is yes, it's not always identifiable, its not on all things at all times but I think we have made a difference you only have to see how the field of ethical and responsible investment has grown over the past quarter of century, and a lot of that is down to what EIRIS has done; not all of it, but a great deal of it, we can point

on to different things where we have made a difference and I think looking back we can say “hey we have made a difference” it’s an important thing.

*CS: How do your friends or people that you just meet think about your activity at EIRIS?*

SH: For people that I just meet sadly a lot of them are not aware of what we do, which is disappointing because it means there’s a vast untapped market out there for the people in this field, to have potential products and services to sell to them, you know mutual funds, insurances, mortgages, whatever it might be. But most of them when you explain it to them it all sounds very interesting, “ wow you do this and that, you must be able to do a lot of stuff..” so usually, the reactions are positive, very few cynical “yeah sure. There’s nothing you can do about it” I’m not a blind optimist in these things, and I don’t assume that everything is perfect and I think that most people view it something as interesting and worthwhile, and I think they say “yeah, I wish I could do something that’s interesting and worthwhile as that.”

*CS: What do you think about the people that work within EIRIS; do they share this enthusiasm of being part of the CSR and SRI movement? Do you think that part of their reason for being here is because they believe in the profile of EIRIS’s activity?*

SH: I believe they do, not every single person, it depends on their role, but particularly researchers and people in the market department, why have they come to do here what they are doing? Why have you come here? You are here for only a short period of time, you are studying CSR and hope to make a career out of it, or a thing related to it, most likely, but I think a lot of this people are very committed to it, not necessarily the entire ethos of EIRIS, or they may not have necessarily have the same view on every single issue, which is absolutely fine, but I think the vast majority of people in the Research team, Client team and the others like the idea that they can work for an organization that they think is making a difference. Or if they move on, that’s interesting, because if you look at what people do, after they leave here, all of them tend to stay in the field, they may work in CSR for

companies, they may work for NGO, and new initiatives or for responsible investment teams in the City, and so on and so forth. The most recent person to leave Sonia Wildash in our US office, she went to work for a small SRI in a boutique financial institution in Boston. So it's a good development for her, she is staying inside the field, so I think you can also look most of people that worked at EIRIS, particularly those that have worked in the research or client team they do tend to go out to things, which are at least related in the same field and that kind of .

*CS: Do you feel that the London office has an international flavour to it? Or is it a dominant British culture?*

SH: We are a UK based organization and we have a number of non-UK people in it, I come from Canada but I am a UK citizen anyway, that probably gives a slightly different aspect to it, no doubt it also reflect the ethos, the founding chief executive Peter Webster is a British citizen of Quaker origins and we haven't necessarily apart from the Japanese team and the recently recruited interns deliberately recruited foreign language speakers. But what we found was that we have a couple of Romanians and of course the Japanese work harder, because they are Japanese, we did have a non-Japanese person in the Japanese team, that spoke fluent Japanese, you are not allowed to hire people based on their ethnicity, unless there a good reason. And I think it certainly has become more international in the last few years and each time we hire new staff, because the world has become much more global because of the European Union, because you are able to move and work in it, it's easy for people to come from other lands, but we've also got work permits for people, from Jamaica and Canada and beyond from Japan, where it was more of a challenge. I think it does bring an additional flavour to it, and also particularly when someone's researching companies, that they know about that country then of course they'll bring a corpus perspective, so of course the Japanese team will understand some of the Japanese CSR in a way in which we wouldn't be aware of, of course that doesn't apply when Sheila Stefani is doing research for

the Italian companies, but she'll understand them in a certain way. And having international partners, and I think also having this international breath can persuade clients that we are not just a UK centric organization, because there is a perception somehow CSR is Anglo-Saxon which indeed to some extent they are, that's in part because CSR origins are primarily in the US and in the UK ,and then Canada and then Australia, which are more Anglo-Saxon and the Holland which is a bit Anglo Saxon as well, but then if you point to other countries it might be different so I think it's important to get those other perspective to help diversify the approach. I actually think that CSR is the wrong term I think the term should be responsible business and ESG risk and opportunity management, I think CSR is too narrow defined, particularly in the US and places like that, so I think getting a broader perspective helps.

*CS: Going back to the international role that EIRIS is moving to as a result of its activity, if the company is going to grow in the future what do you think will always retain, indifferent of its size and expansion?*

SH: Well I hope that it will always look at things from a principle point of view and when I say that I don't mean a non-commercial point of view, but it will act with integrity and fairness and there will be a sense of ethics and business ethics in its conduct, that it will seek to provide objective analysis of corporate behaviour, and nor presume to have all the answers to everything but be open to new ideas, and I think if the core ethos of independence and integrity is there and the business ethics side is there, then the company can grow and still retain that. There will be other things that are still required, when you grow you become internationalized and you are subject to more pressures in different countries, but none of these things should detract from a company's mission, and one can imagine companies in completely different fields that no matter how global they are, and whether one likes their ethos or not, they somehow retain that. I imagine that if you work for Toyota in Japan, America or Britain you would still be conscious of the particular way that company is doing

business, or say Johnson and Johnson with its international code, and things like that, so I think there are certain elements of a business culture that one can retain and even if in due course as it's likely to be the case we have a different chief executive and so on and so forth that the EIRIS Board and the Foundation, because as long as the Foundation sits behind it, it will have some degree of influence and reinforcing and ensuring that integrity and independence, business ethics, fairness are there. Then if we are sharper in our commercial activities, sharper not in the negative sense, but in the positive sense of that and be more and increasingly commercial and increasingly marketing oriented, but all of that does not mean necessarily a detraction from what we do, the mission that is behind it, and even if it's quite large you can still be a part of a movement, I think there are some competitors out there for whom this is solely a business thing, and they don't necessarily have the same commitment to it, as institutions, of course the people in it do have the same commitment to it, whereas some of our competitors in particular the small national ones tend to have the same ethos, and have a different element that says, .they do this because they want to make a difference and be commercially successful while doing that, not necessarily quite in the same way as EIRIS does and is sad when some of these institutions are taken over by large ones and they loose that, and their employees feel that. It's not just a cheap shoot at the competition, I think it's a genuine thing that there are people not just in EIRIS for whom this activity is driven by value and concern, and by trying to half as much of a decency and value in a commercial world, it doesn't mean that you are always perfect.

*CS: What is the image that EIRIS is deliberately trying to project to its customers?*

SH: The idea is to be able to service as many different needs of different clients as possible, so we have a systemically country bound tool kit, the PRI tool kit the ESG tool kit, negative screening data, traditional stuff inside the EIRIS portfolio manager, we can offer bespoke services, we can offer consultancy services, and in fact I do I think it's important that we do work closely with our clients to develop the criteria not just impose the criteria, together

with the civil society to developing things like the human rights and climate change criteria, but they might have unrealistic expectation about what investors will do in this areas, our job to take on board the concern of investors, the issues that they think are important, to understand how as an investor you would approach a particular thing, so when I say that EIRIS approaches this increasingly from a risk perspective, we look at companies that are most exposed to climate change and how well they are managing that risk, that is a language to speak which is understood by investors in the City, or Wall Street, Frankfurt or Tokyo, wherever they might be . In the same time we can offer a sort of. Normative slang on the same research for those for which normative is important as well but being able to serve both the normative and the other side is very important. Therefore working closely with our clients to understand what their needs are, and I have to say when we do client surveys and when we get feedback from them, we compare it to some of our competitors, it turns out they value the client service, and the fact that we have several people devoted to working closely with them, I think is a commercial advantage and sometimes the lack of a service culture, in our field is not good, because it can alienate people from taking on board this kind of stuff. So working very closely with the clients, making them feel that their value, it sounds very superficial when you say it, but there is some truth to it, and then we can feel pleased when they come back to us and they say “not only is this a good piece of research, but we have appreciated having access to it, and we’ve appreciated having good client support and consulting, what I find sometimes is that it isn’t just the hard product that we offer. We worked with the French Reserve Fund and the French National Pension Fund, and I met them with others many years ago and asked all sorts of questions and asked for our advice for free and to the extent to which we could provide them advice, we did so, and then when we you know they were putting things out to tender, of course we still had to meet all the commercial requirements, but they could see we had approached it in historically not just a hard selling point of view, but offer advice to the best of our abilities, and because we are

independent, and because of our ownership structure, ethos and research structure, we can do that, and that is recognized, it doesn't mean that we are less commercially, we also do it in part for commercial reasons it's the right thing to do, and because we can persuade people to do things when they are uncertain, not telling them what to do but be in part members of that consultation group for a specific path then that's a good approach to have.

*CS: Do you see EIRIS as playing a role from the evolution from the negative to the positive screening of companies?*

SH: We obviously have to have a role in it, although in the very early days when EIRIS was researching the activities of British in South Africa there was a different approach to it either there was an involvement of companies in South Africa or in particular types of business in South Africa, there were those who invested in companies that were doing something to tackle apartheid and discrimination and they were those that said we want to go and talk to companies to change their behaviour, either to get them to leave South Africa or improve on the ground what they were doing, and the combination of those 3 could be done at once they were not mutually exclusive, so to that extent there has always been an element. But certainly in recent years, there are always going to be those people for whom investing in certain types of companies will be inappropriate, whether it be national like the Norwegian pension fund down to the individual, living in London, that does not want to invest in something, but invest in others, and I think is not a bad thing; but equally there are an increasing number of people that want to see some degree of corporate change and they realize that as owners of companies, they have the right, and arguably the responsibility, even their fiduciary duty to put pressure on companies to improve their performance as those companies may not be as profitable as in the future, but avoid regulations, reputation damage, boycotts, wherever it may be but some people they will actually do some engagement with those companies because they believe that companies should change, again the normative side and the financial risk can go hand in hand, and some will do it, even



if there is no financial advantage. They think this companies ought not be mistreating workforce in the supply chain because it's important from a moral point of view, and others will do it because if they don't the company will suffer in the future, so I think that's increasingly recognized by an ever broader number of investors, that actually do it properly and well, maybe a limited number but its a growing number

*CS: Who do you think are EIRIS's stakeholders?*

SH: Well first and foremost, it has to be the clients, because these are the people we are responsible, the company's because they are the one's we are researching, we don't have to do what they want but we need to be aware of issues and concerns and questionnaire fatigue, having to deal with all the public relations that they throw at us, I think civil society groups are to some extent stakeholders because its their take on corporate behaviour, helps shape our research, helps to shape the environment where the investors and where the company operates so one couldn't ignore even if they wanted to do, because they help shape the environment and make a valuable contribution both on the financial investment side and also with the companies to get them to change policies and practice. I think also that governments and regulator bodies are also stakeholders through their policy and how they regulate bank and financial institutions given the current crisis there are pension laws, pensions being required, there are laws and potential laws on ESG and CSR matters, so all sorts of bodies that are potentially our stakeholders as well, media which is more of a vehicle through which we communicate things, rather than being directly stakeholders. Trade unions and labour movements are stakeholders, obviously they are important particularly because labour movements can influence pension funds, and how these pension funds operate, because all their members are as well beneficiaries to a certain pension fund or another, they are also potential people to put pressure on the pension funds for responsible investment, so there's quite a broad number of different stakeholders, charities, churches and foundations who were all our founders and to whom we still provide a number

of services, being a charity ourselves they are quite important, so there's quite a board number of different stakeholders.

*CS: Do you think there's a difference between the stakeholders that the EIRIS Ltd and the EIRIS Foundation are responsible for?*

SH: Yes, there probably are, ultimately the Foundation should be aware that the subsidiary has a lot of stakeholders it has to pay due attention to but the Foundation itself does not necessarily have to pay attention to those things, and the involvement may be different, so obviously for a Foundation that tries to service the general public and to serve the charities and the foundations, obviously those being their key stakeholders, but the Foundation because it's responsible for seeing the subsidiary develop and grow and move into different markets and everything has to be providing a consistency and stuff to ensure that the subsidiary can do those things, being aware that the investors' approaches to these things are changing and evolving and be aware of that so yes to that extent those investors are stakeholders of the Foundation, but they don't necessarily have to engage with them to the extent that the subsidiary itself does.

## Appendix 2

### Initial Interview Questions

I am a master student at the University of Nottingham, undertaking a research project. The project is focused on issues of organizational identity formation. I would like to spend 30-45 minutes asking you questions about EIRIS and your work. If you do not want to answer any question please say so. Everything that you say will be treated in the strictest confidence. Only the dissertation supervisor and myself will get to hear what you say. Your name will not be used in any way by me and the responses you provide will be anonymised.

### EIRIS-Interview Questions

#### **Personal/Contextual Questions**

1. Could you please state your name and job title?
2. How long have you been working with EIRIS?
3. Could you please give me a short description of what your current job entails?

## Identification Questions

1. How do you feel working for EIRIS? (Proud, neutral, unhappy)?
  - a. Why do you feel that way?
  - b. Examples?
2. Have your feelings about working for EIRIS changed over the time that you have been working here?
  - a. Are there any specific reasons for this change?
3. How do you think most people feel about working for EIRIS?
  - a. Why do you think they feel that way?
4. Is EIRIS's ethical profile a contributing factor to how you and others feel about working here?
5. Would you work for a company that you don't regard as ethical?
6. Have you considered leaving EIRIS?
  - a. If yes, what are the reasons?
  - b. If in the process of leaving the company, where are you going to? Why?
7. Have you considered joining one of EIRIS's competitors?
  - a. If yes, how much do you know about their business ethics? (consistency of research, transparency, providing independent research)

## Identity Questions

1. What do you think is distinctive/different about EIRIS as an organization?
2. What image does EIRIS try to project?
3. How is EIRIS currently changing/adapting to its business context? (Growing demand for CSR, covering multiple countries on different continents)
4. What do you think is EIRIS's role in the SRI (socially responsible investment) industry?
5. What do you think about the company expanding its research activities to other countries (South Africa, Japan, France)?
  - a. Do you think this changes the organization in any way?
6. How do you think the organization is likely to change in the longer term? What will it always retain? What is its essence?
7. How do you think external stakeholders (customers, partners) regard EIRIS?
8. What do you think is the most important aspect for EIRIS when it interacts with its external stakeholders?

### Appendix 3

#### **PDRs 2009 : STAFF SURVEY QUESTIONS**

*The answers to these questions should be recorded separately from the PDR form. They will be summarised in a report to SMT and to Staffing Committee and individual responses will not be identifiable.*

Question	Response
<i>Staff who joined within the last year only</i>	
1. What were your expectations when you joined?	
2. To what extent have they been met?	
<i>All staff</i>	
3. How effective a contribution is EIRIS making to SRI?	
4. How could EIRIS be more effective?	
5. Do you feel that you personally are making a useful contribution to SRI through your work?	
6. What sort of reputation does EIRIS have?	
7. Are you proud to say you work at EIRIS?	Yes.
8. What aspect(s) of your work do you feel are most valuable?	.
9. Are there any aspects of your work that you feel are a waste of time?	

10. How important is teamwork to you in your work?	Very
11. Are there ways in which we could improve the way our team works?	
12. Without naming names, do you feel that everyone in your team makes an equal contribution?	
13. How hopeful are you that EIRIS will get through the recession without significant losses?	
<i>Answer optional</i> 14. Is the recession affecting you personally? (eg mortgage costs or availability, ability to sell)	Yes (I am struggling financially)

## Appendix 4

### EIRIS Survey

#### Summary of Replies to Staff Survey questions asked at 2009 PDRs

##### Perceptions about the work

Staff generally feel that they personally are making a useful contribution to SRI through their work, although as one researcher rather philosophically put it: “Sometimes in the day to day minutiae it’s less clear, but hopefully somewhere along the line it all has a purpose!”

Examples of the aspects of the work which research staff feel make the most tangible contribution are:

- Company engagement
- Enabling investors to take ESG into account and change corporate behaviour
- Working with clients to help them implement RI solutions
- Speaking with people at events
- Specific projects

There was some overlap between this and answers to the question “What aspects of your work do you feel are most valuable?”:

- Engaging with companies
- Convention Watch
- Passing on knowledge
- External facing work
- Environment and climate change criteria
- Project work and writing papers

One person wrote that “from a researcher’s perspective it’s difficult to see where our work is going and the actual impact and use of it”. This “nose on the grindstone” feeling among some researchers is reflected in the positive value that researchers placed on external facing work and engagement. Several felt that “involving researchers more in client requests would help improve the focus and motivation of researchers”.

The responses from the Client Team were inevitably rather different:

- Working with high value clients
- Working with SRI dynamic clients
- Developing new products
- Being a part of the SRI debate
- Training and educating clients and others about our work and the potential impact of SRI

Clearly the closer a job role is to clients and the outside world, the more motivated staff feel.

##### EIRIS’ reputation

Perceptions of EIRIS’ reputation among research, support and marketing staff vary from “key organisation – highly respected, with a long-standing track record” to “well-respected by some clients, less by others”.

EIRIS I seen as having a very strong reputation in our home market as a provider of detailed ‘screening’ research. But a view that recurs consistently among both Research and Client Team staff is that EIRIS is seen as “solid but slow”, “a bit boring”, “a bit pedantic and old-

fashioned”, “a bit of a dinosaur, not adaptive enough”. “Seen as having a religious connection / ethical – not seen as corporate”.

However, a number of staff also note that re-branding is changing this, and that EIRIS is building a group of “enthusiastic and committed clients”. The US team felt that EIRIS was seen as a credible research organisation but still rather low-profile in North America. Others are concerned that EIRIS may be seen as UK-centric, although the opening of the Paris office may counteract this.

The Client Team see the website as having a strong influence on the way people see EIRIS. The current (old) website “makes us look out of touch. The length of time taken to get the new website up and running is ridiculous and is probably due to control freakery at the top”. Almost everyone answered yes to the question “Are you proud to say you work at EIRIS?” but this was qualified by a feeling among some staff that EIRIS could do a lot better.

### **Perceptions of EIRIS’ effectiveness**

Staff generally believe that EIRIS is effective in providing practical tools and data for investors. The PRI Toolkit was seen as a positive initiative but, as one person put it, “we could be lighter on our feet”. There is a strong feeling that we need to raise our PRI profile further, to push harder at re-branding and develop more new products. We need to become the “default source of expertise” on SRI but staff feel we are a long way from that at the moment.

There was also a view that EIRIS is too focussed on dealing with internal issues rather than the outside world. And that EIRIS is better at preaching to the converted – than at convincing or engaging with the ‘fence-sitters’.

Staff suggested the following in reply to the question “How could EIRIS be more effective?”

- Develop more diverse and imaginative products and services
- Be more responsive to clients
- Focus on products that meet the needs of the highest income clients
- Build stronger relationships with the most influential clients
- Utilise and sell sector specific knowledge / More briefing papers on specific industry trends
- Talk to companies about how they can improve their performance
- Be more topical – snappy reports on things like sponsors of the Olympics or the football and rugby World Cups
- Do more to appear leading edge by putting sector profiles into wider context. (State of CSR report was a good move in this direction)
- Encourage researchers to take time to conduct research on their sectors beyond company information and to understand current market trends and challenges beyond the ESG view
- Get rid of activities that add little or no value
- Our research profiles don’t present an overview of the company’s activities and performance. Criteria are extremely segmented and there’s no rounded view of overall performance.
- Expand our portfolio of overseas clients
- Peter to delegate more (the question was raised: would EIRIS survive the loss of Peter?)
- Better delegation in general – allowing individuals to be more creative
- Peter and SMT to do more travelling to promote EIRIS
- Move faster on criteria and new IT development. Projects too often scoped and then not taken forward (eg the refno system)

- Consider organisation-wide project management and communication training to help shape the culture of the organisation to be more effective
- Focus on being an output rather than process driven organisation
- People focussing on doing their own jobs rather than wanting to do the attractive bits of other peoples'
- Teams working together rather than against each other
- Individuals focussing more on overall objectives of the organisation rather than individual aims
- More employee accountability
- Better marketing
- Identify strategic objectives in terms of policy reform that will support SRI and engage with policy makers and regulators
- Work with our peers at UKSIF and Eurosif to support their work

In general research staff did not identify many aspects of their work which they feel are a waste of time, but the following activities were mentioned "because their usefulness to clients is unclear":

- Upgrading low level records, which very few clients want, but which take a lot of time
- Upgrading stakeholder criteria and environmental performance data

The comment was also made that about the Lean system for Japanese research that "companies end up being researched twice – once on the basis of public information and once when they return to the whole survey".

Small corrections on approvals were seen as in some cases a by-product of the focus on speed, which meant researchers prioritised meeting targets over producing error-free records, and this meant time was wasted later correcting them.

There were a few complaints about admin time spent on things like time-sheets, profile mailing and using master schedule.

Shorter and more efficient meetings were seen as something to aim for.

The Client Team are concerned about re-work due to bottlenecks and deadlines not being met, and lack of adequate cover leading to wasted work. They also voiced a concern about "working with people who don't know what they're doing because Peter will and has in the past compensated for them".

### **Teamwork**

EIRIS staff generally feel that teamwork is often very important, depending on the activity. Individual research is felt not to involve much teamwork, but it is seen as essential for project work. Perhaps unsurprisingly, managers rate teamwork with other managers highly.

Some staff said they feel themselves part of more than one team, and Japan researchers in particular identify strongly with each other because of their common work focus in spite of being spread across sector teams. There is a feeling among Japan researchers that this should be reflected by establishing a specific Japan team.

Asked whether there are ways in which they could improve the way their teams worked, staff came up with the following suggestions:

- More team projects rather than individual projects
- The Client Team stressed the importance of having client focussed line managers in Research



- Also having someone who can and does deal with contracts
- More communication between the client and research teams to understand better – for example when tendering research should be involved (Research)
- Would be really happy to bring more researchers into closer regular contact with clients so they understand what they are doing with our research (Client Team member)
- More regular team meetings
- Some kind of internal intranet / bulletin to share news of what each team (client, research, market development) is working on
- Better communication generally – sometimes emails requiring comment, feedback or action just get “blanked”
- Needing to chase Peter less for responses to e-mails, contracts etc.
- More innovation – “idea of the week”-type requests soon get forgotten
- For researchers to gain solid sector expertise, research should be conducted one researcher per company, and not split between environment and social researchers. This prevents one from learning about the entire industry’s development and issues
- More social activities

There was some concern among researchers that the pressure to meet individual targets might reduce peoples’ readiness to help others, and that the new progression scheme might not help in this respect. In general staff feel that everyone in their team makes an equal contribution, although as one person put it, this could be “equal effort, even if some are more productive”. However, a minority of staff do feel that contribution rates are not equal, and this can be corrosive if not addressed by managers.

### **The Recession**

The general mood is of guarded optimism. People are adopting a sensible “wait and see” approach and expect a “bumpy ride” with some losses and some gains. There is concern about the prospect of losing some or all of the FTSE work in 2010, and the impact that could have not only on EIRIS’ income but also on its influence in the SRI world. Staff are ready to look at ways of saving money and reducing the time spent on low value activities.

The extent to which individual staff are being affected by the recession varied. Those most affected are those trying to sell or buy property, or with partners who are not working, but the general position was succinctly summed up by one respondent as “living costs up, bonus deferred”.